

ODYSSEY MARINE EXPLORATION INC

Form 10-Q

November 09, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2011

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to

Commission File Number 001-31895

ODYSSEY MARINE EXPLORATION, INC.

(Exact name of registrant as specified in its charter)

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Nevada
(State or other jurisdiction of
incorporation or organization)

84-1018684
(I.R.S. Employer
Identification No.)

5215 W. Laurel Street, Tampa, Florida 33607
(Address of principal executive offices) (Zip code)

(813) 876-1776
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (Check one).

Large accelerated filer: Accelerated filer:

Non-accelerated filer: (Do not check if a smaller Reporting company) Smaller reporting company:

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

The number of outstanding shares of the registrant's Common Stock, \$.0001 par value, as of October 28, 2011 was 72,793,773.

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	(Unaudited) September 30, 2011	December 31, 2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,046,381	\$ 235,762
Restricted cash	213,109	563,710
Accounts receivable, net	697,949	2,095,571
Inventory	408,074	409,613
Other current assets	677,408	467,180
Total current assets	12,042,921	3,771,836
PROPERTY AND EQUIPMENT		
Equipment and office fixtures	17,259,122	16,637,638
Building and land	4,683,942	4,671,231
Accumulated depreciation	(15,007,177)	(12,979,576)
Total property and equipment, net	6,935,887	8,329,293
NON-CURRENT ASSETS		
Restricted cash	31,130	183,498
Inventory	5,723,385	6,020,699
Other non-current assets	1,106,939	1,101,367
Total other assets	6,861,454	7,305,564
Total assets	\$ 25,840,262	\$ 19,406,693
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	\$ 1,258,982	\$ 2,238,356
Accrued expenses and other	1,843,226	2,766,672
Deferred revenue	3,500,773	730,098
Subscription payable		1,998,800
Derivative liabilities	6,103,907	6,363,144
Mortgage and loans payable	3,419,511	5,174,537
Total current liabilities	16,126,399	19,271,607
NON-CURRENT LIABILITIES		
Mortgage and loans payable	1,994,664	2,776,383
Deferred income from revenue participation rights	8,400,000	887,500
Total long-term liabilities	10,394,664	3,663,883

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Total liabilities	26,521,063	22,935,490
Commitments and contingencies (NOTE H)		
Redeemable Series G Convertible Preferred Stock	5,250,000	4,019,523
STOCKHOLDERS DEFICIT		
Preferred stock - \$.0001 par value; 9,361,176 shares authorized; none outstanding		
Preferred stock series D convertible - \$.0001 par value; 448,800 shares authorized at September 30, 2011 and December 31, 2010, respectively; 206,400 shares issued and outstanding, respectively	21	21
Common stock - \$.0001 par value; 150,000,000 shares authorized; 72,793,773 and 67,082,835 issued and outstanding at September 30, 2011 and December 31, 2010, respectively	7,279	6,708
Additional paid-in capital	137,032,373	122,722,840
Accumulated deficit	(142,970,474)	(130,277,889)
Total stockholders deficit	(5,930,801)	(7,548,320)
Total liabilities and stockholders deficit	\$ 25,840,262	\$ 19,406,693

The accompanying notes are an integral part of these financial statements.

Table of Contents**ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS - Unaudited**

	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
REVENUE				
Artifact sales and other	\$ 226,216	\$ 41,444	\$ 680,130	\$ 338,693
Exhibit	28,124		99,527	65,000
Expedition	5,685,533	9,788,324	13,998,888	16,689,208
Total revenue	5,939,873	9,829,768	14,778,545	17,092,901
OPERATING EXPENSES				
Cost of sales artifacts and other	97,118	30,981	323,255	170,364
Marketing, general and administrative	2,293,687	2,171,790	6,897,857	6,742,075
Operations and research	7,521,962	6,607,436	16,241,556	15,272,354
Total operating expenses	9,912,767	8,810,207	23,462,668	22,184,793
INCOME (LOSS) FROM OPERATIONS	(3,972,894)	1,019,561	(8,684,123)	(5,091,892)
OTHER INCOME (EXPENSE)				
Interest income	1,683	698	2,218	3,371
Interest expense	(82,313)	(220,035)	(285,924)	(394,030)
Change in derivative liabilities fair value	1,750,009		1,165,387	
(Loss) from unconsolidated entity	(2,893,100)	(2,112,011)	(4,488,100)	(2,447,471)
Other	58,618	4,474	47,957	12,712
Total other income (expense)	(1,165,103)	(2,326,874)	(3,558,462)	(2,825,418)
LOSS BEFORE INCOME TAXES	(5,137,997)	(1,307,313)	(12,242,585)	(7,917,310)
Income tax benefit (provision)				
NET LOSS	\$ (5,137,997)	\$ (1,307,313)	\$ (12,242,585)	\$ (7,917,310)
NET LOSS PER SHARE				
Basic and diluted (See NOTE B)	\$ (.07)	\$ (.02)	\$ (.22)	\$ (.12)
Weighted average number of common shares outstanding				
Basic and diluted	72,793,773	66,770,926	69,292,452	65,245,071

The accompanying notes are an integral part of these financial statements.

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	Nine Months Ended	
	September 30, 2011	September 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (12,242,585)	\$ (7,917,310)
Adjustments to reconcile net loss to net cash (used) by operating activities:		
Depreciation and amortization	1,476,289	1,622,931
Write down of long-lived asset	593,966	
Loan discount amortization		110,123
Change in derivatives liabilities fair value	(1,165,387)	
Loss from unconsolidated entity	4,488,100	2,447,471
Investment in unconsolidated entity	(4,488,100)	
Share-based compensation	1,347,471	1,406,640
(Increase) decrease in:		
Restricted cash	502,969	(111,748)
Accounts receivable	(601,179)	(8,415,193)
Inventory		