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SHELLS SEAFOOD RESTAURANTS INC  
Form 10-Q  
August 15, 2001

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 July 1, 2001  
 Transition Report Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934  
For the Transition Period from \_\_\_\_\_to \_\_\_\_\_

Commission File No. 0-28258

SHELLS SEAFOOD RESTAURANTS, INC.

-----  
(Exact name of registrant as specified in its charter)

DELAWARE

65-0427966

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(IRS) Employer Identification Number

16313 North Dale Mabry Highway, Suite 100, Tampa, FL 33618

-----  
(Address of principal executive offices) (zip code)

(813) 961-0944

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

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

Class Outstanding at August 15, 2001  
-----  
Common stock, \$.01 par value 4,454,015

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Part I - Financial Information

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Item 1 - Financial Statements

## Edgar Filing: SHELLS SEAFOOD RESTAURANTS INC - Form 10-Q

Consolidated Balance Sheets as of July 1, 2001 (Unaudited)  
and December 31, 2000

Consolidated Statements of Income (Unaudited) for the 13 and  
26 weeks ended July 1, 2001 and July 2, 2000

Consolidated Statements of Cash Flows (Unaudited) for the 26  
weeks ended July 1, 2001 and July 2, 2000

Notes to Consolidated Financial Statements - (Unaudited)

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### SHELLS SEAFOOD RESTAURANTS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	(Unaudited) July 1, 2001	December 31, 2000
	-----	-----
<b>ASSETS</b>		
Cash	1,259,174	\$ 1,261,937
Inventories	604,319	1,007,520
Other current assets	411,015	495,506
Receivables from related parties	31,615	196,155
Deferred tax asset, net	542,000	638,000
	-----	-----
Total current assets	2,848,123	3,599,118
Property and equipment, net	11,139,984	14,165,527
Prepaid rent	147,922	173,122
Other assets	378,437	418,945
Goodwill	2,783,700	2,886,799
Deferred tax asset, net	84,939	217,000
	-----	-----
<b>TOTAL ASSETS</b>	<b>\$ 17,383,105</b>	<b>\$ 21,460,511</b>
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable	4,807,413	\$ 3,445,541
Accrued expenses	4,930,190	5,312,219
Sales tax payable	292,310	356,039
Current portion of long-term debt	2,241,425	1,985,447
	-----	-----
Total current liabilities	12,271,338	11,099,246
Deferred rent	1,255,996	1,783,994
Long-term debt, less current portion	1,940,992	3,714,316
	-----	-----
Total liabilities	15,468,326	16,597,556

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Minority partner interest	412,120	449,011
	-----	-----
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.01 par value; authorized 2,000,000 shares; none issued or outstanding	-	-
Common stock, \$.01 par value; authorized 20,000,000 shares; 4,454,015 shares issued and outstanding	44,540	44,540
Additional paid-in-capital	14,161,010	14,161,010
Retained earnings (deficit)	(12,702,891)	(9,791,606)
	-----	-----
Total stockholders' equity	1,502,659	4,413,944
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 17,383,105	\$ 21,460,511
	=====	=====

See Notes to Consolidated Financial Statements.

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SHELLS SEAFOOD RESTAURANTS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	13 Weeks Ended		2
	July 1, 2001	July 2, 2000	July 1, 2000
	-----	-----	-----
REVENUES:	\$ 14,997,727	\$ 24,460,211	\$ 36,652,300
	-----	-----	-----
COST AND EXPENSES:			
Cost of revenues	5,685,237	9,142,357	13,828,900
Labor and other related expenses	4,563,775	7,380,213	11,019,300
Other restaurant operating expenses	2,962,983	5,109,952	7,561,200
General and administrative expenses	1,077,894	1,831,306	2,772,000
Depreciation and amortization	418,437	680,647	954,400
Provision for impairment of assets	-	-	1,582,100
Provision for store closings	-	-	1,333,200
	-----	-----	-----
	14,708,326	24,144,475	39,051,300
	-----	-----	-----
INCOME (LOSS) FROM OPERATIONS	289,401	315,736	(2,399,000)
	-----	-----	-----
OTHER INCOME (EXPENSE):			
Interest expense	(131,021)	(261,900)	(317,800)
Interest income	463	65,452	1,700
Other income (expense), net	(14,775)	205,848	(80,500)
	-----	-----	-----
	(145,333)	9,400	(396,600)
	-----	-----	-----
INCOME (LOSS) BEFORE ELIMINATION OF MINORITY PARTNER INTEREST AND INCOME TAXES	144,068	325,136	(2,795,600)
	-----	-----	-----
ELIMINATION OF MINORITY PARTNER INTEREST	(36,902)	(71,830)	(115,600)
	-----	-----	-----

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INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	107,166	253,306	(2,911,200)
PROVISION FOR INCOME TAXES	-	(84,000)	
NET INCOME (LOSS)	\$ 107,166	\$ 169,306	\$ (2,911,200)
BASIC NET INCOME (LOSS) PER SHARE OF COMMON STOCK	\$ 0.02	\$ 0.04	\$ (0.05)
BASIC WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING	4,454,015	4,454,015	4,454,015
DILUTED NET INCOME (LOSS) PER SHARE OF COMMON STOCK	\$ 0.02	\$ 0.04	\$ (0.05)
DILUTED WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING	4,633,009	4,462,099	4,454,015

See Notes to Consolidated Financial Statements.

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SHELLS SEAFOOD RESTAURANTS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	26 Weeks Ended	
	July 1, 2001	July 2, 2000
Cash flows from operating activities:		
Net income (loss)	\$ (2,911,285)	\$ 1,155,493
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Minority partner interest	(36,891)	(97,207)
Depreciation and amortization	954,460	1,357,196
(Gain) Loss on sale of assets	(5,249)	-
Provision for impairment of assets	1,582,137	-
Change in assets and liabilities:		
Decrease (increase) in inventories	403,201	(142,939)
Decrease (increase) in other assets	289,539	(373,997)
Decrease in prepaid rent	25,200	39,138
Increase in accounts payable	1,361,872	412,823
(Decrease) increase in accrued expenses	(385,757)	743,021
(Decrease) increase in sales tax payable	(63,729)	19,018
Decrease in income tax payable	228,061	489,500
(Decrease) increase in deferred rent	(527,998)	128,462
Total adjustments	3,824,846	2,575,015
Net cash provided by operating activities	913,561	3,730,508
Cash flows from investing activities:		

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Net proceeds from sale of assets	1,089,421	-
Purchase of property and equipment	(488,400)	(445,400)
	-----	-----
Net cash provided by (used in) investing activities	601,021	(445,400)
	-----	-----
Cash flows from financing activities:		
Proceeds from debt financing	227,636	245,532
Repayments of debt	(1,744,981)	(516,096)
	-----	-----
Net cash (used in) financing activities	(1,517,345)	(270,564)
	-----	-----
Net (decrease) increase in cash and cash equivalents	(2,763)	3,014,544
Cash, beginning of period	1,261,937	2,940,919
	-----	-----
Cash, end of period	1,259,174	5,955,463
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid for interest	579,751	469,851
Cash paid (refunds received) for income taxes	(211,283)	88,710

See Notes to Consolidated Financial Statements.

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### SHELLS SEAFOOD RESTAURANTS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

#### 1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and, therefore, these statements do not include all of the information and footnotes required by generally accepted accounting principles for annual financial statements. In the opinion of management, all material adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included.

The consolidated financial statements of Shells Seafood Restaurants, Inc. (the "Company") should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Form 10-K for the year ended December 31, 2000 filed with the Securities and Exchange Commission. Company management believes that the disclosures are sufficient for interim financial reporting purposes. Certain prior year amounts have been reclassified in the accompanying condensed consolidated financial statements to conform with the current year presentation.

#### 2. EARNINGS PER SHARE

The following table represents the computation of basic and diluted earnings per share of common stock as required by Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share":

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	13 Weeks Ended		26 We
	July 1, 2001	July 2, 2000	July 1, 2001
Net income (loss)	\$ 107,166	\$ 169,306	\$ (2,911,285)
Weighted common shares outstanding	4,454,015	4,454,015	4,454,015
Basic net income (loss) per share of common stock	\$ 0.02	\$ 0.04	\$ (0.65)
Effect of dilutive securities:			
Warrants	-	-	-
Stock Options	178,994	8,084	-
Diluted weighted common shares outstanding	4,633,009	4,462,099	4,454,015
Diluted net income (loss) per share of common stock	\$ 0.02	\$ 0.04	\$ (0.65)

The earnings per share calculations excluded options and warrants to purchase an aggregate of 1,011,858 and 1,444,376 shares of common stock during the 13 weeks ended July 1, 2001 and July 2, 2000, respectively, and options and warrants to purchase an aggregate of 1,587,358 and 1,615,376 shares of common stock during the 26 weeks ended July 1, 2001 and July 2, 2000, respectively, as the exercise price of the options and warrants were greater than the average market price of the common shares.

3. NEW ACCOUNTING PRONOUNCEMENT

Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. The accounting for changes in the fair value of a derivative (that is gains and losses) depends upon the intended use of the derivative and the resulting designation. SFAS No. 133, as amended, will be effective for all fiscal quarters of fiscal years beginning after June 15, 2000. The adoption of SFAS No. 133 is not expected to materially affect the Company's consolidated financial statements.

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, the percentages which the items in the Company's Consolidated Statements of Income bear to total revenues.

13 Weeks Ended		26 Weeks Ended	
July 1, 2001	July 2, 2000	July 1, 2001	July 2,

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REVENUES				
Restaurant sales	99.5%	99.6%	99.5%	99.6%
Management fees	0.5%	0.4%	0.5%	0.4%
	-----	-----	-----	-----
Total revenues	100.0%	100.0%	100.0%	100.0%
COSTS AND EXPENSES:				
Cost of revenues	37.9%	37.4%	37.7%	36.6%
Labor and other related expenses	30.4%	30.2%	30.1%	29.4%
Other restaurant operating expenses	19.8%	20.9%	20.6%	20.0%
General and administrative expenses	7.2%	7.5%	7.6%	7.2%
Depreciation and amortization	2.8%	2.8%	2.6%	2.7%
Provision for impairment of assets	-	-	4.3%	-
Provision for store closings	-	-	3.6%	-
	-----	-----	-----	-----
INCOME (LOSS) FROM OPERATIONS	1.9%	1.3%	-6.5%	4.1%
OTHER INCOME (EXPENSE):				
Interest expense	-0.9%	-1.1%	-0.9%	-1.0%
Interest income	0.0%	0.3%	0.0%	0.2%
Other income (expense), net	-0.1%	0.8%	-0.2%	0.4%
	-----	-----	-----	-----
INCOME (LOSS) BEFORE ELIMINATION OF MINORITY PARTNER INTEREST AND INCOME TAXES	1.0%	1.3%	-7.6%	3.8%
ELIMINATION OF MINORITY PARTNER INTEREST	-0.2%	-0.3%	-0.3%	-0.3%
	-----	-----	-----	-----
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	0.7%	1.0%	-7.9%	3.4%
PROVISION FOR INCOME TAXES	-	-0.3%	-	-1.1%
	-----	-----	-----	-----
NET INCOME (LOSS)	0.7%	0.7%	-7.9%	2.3%
	=====	=====	=====	=====

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13 weeks ended July 1, 2001 and July 2, 2000

Revenues. Total revenues for the second quarter of 2001 were \$14,998,000 as compared to \$24,460,000 for the second quarter of 2000, a \$9,462,000, or 38.7% decrease. The Company operated 30 restaurants as of the second quarter ended July 1, 2001 versus 49 restaurants at the comparable period ended in 2000. The Company discontinued its Midwest operations in April 2001, closing six restaurants and licensing to an unaffiliated third party the right to continue to operate the remaining three restaurants as Shells units. Same store sales for the second quarter of 2001 were 10.6% below the comparable period in 2000. Comparisons of same store sales include only stores, which were open during the entire periods being compared and, due to the time needed for a restaurant to become established and fully operational, at least six months prior to the beginning of that period.

Cost of revenues. The cost of revenues as a percentage of revenues increased to 37.9% for the second quarter of 2001 from 37.4% for the second quarter of 2000. This increase was due primarily to rising shrimp and crab costs. The Company is continually attempting to anticipate and reacting to fluctuations in food costs by purchasing seafood directly from numerous suppliers, promoting certain alternative menu selections in response to price and availability of supply and adjusting its menu prices accordingly to help control the cost of revenues, both in absolute dollars and as a percentage of revenues.

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Labor and other related expenses. Labor and other related expenses as a percentage of revenues increased to 30.4% during the second quarter of 2001 as compared to 30.2% for the second quarter of 2000. This increase was primarily attributable to labor inefficiencies resulting from lower sales volumes.

Other restaurant operating expenses. Other restaurant operating expenses as a percentage of revenues decreased to 19.8% for the second quarter of 2001 as compared with 20.9% for the second quarter of 2000. The decrease primarily was due to decreased media advertising costs, partially offset by an increase in utility costs associated with fuel prices.

General and administrative expenses. General and administrative expenses as a percentage of revenues decreased to 7.2% for the second quarter of 2001 as compared with 7.5% for the second quarter of 2000. The decrease was primarily due to a reduction in corporate overhead and manager training wages related to the discontinuation of Midwest operations and the consolidation of corporate support functions.

Depreciation and amortization. Depreciation and amortization expense as a percentage of revenues were 2.8% for the second quarter of 2001 and 2000.

Provision for income taxes. No provision for income taxes was recognized for the second quarter of 2001 as compared to a provision of \$84,000 during the same quarter in 2000. The decrease related to the net loss before the provision for income taxes incurred for the first quarter of 2001.

Income from operations and net income. As a result of the factors discussed above, income from operations was \$289,000 for the second quarter of 2001 compared to \$316,000 for the second quarter of 2000. Net income was \$107,000 for the second quarter of 2001 compared to \$169,000 for the second quarter of 2000.

26 weeks ended July 1, 2001 and July 2, 2000

Revenues. Total revenues for the 26 weeks ended July 1, 2001 were \$36,652,000 as compared to \$50,311,000 for the 26 weeks ended July 2, 2000. The \$13,659,000 or 27.1% decrease primarily was due to the discontinuation of 17 Midwest operating units and the closure of two Florida restaurants between October 2000 and April 2001. Same store sales decreased 7.1% compared to the same period in 2000.

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Cost of revenues. The cost of revenues as a percentage of revenues increased to 37.7% for the 26 weeks ended July 1, 2001 from 36.6% for the same period in 2000. This increase primarily was due to the rising commodity costs of shrimp and crab.

Labor and other related expenses. Labor and other related expenses increased to 30.1% as a percentage of revenues for the 26 weeks ended July 1, 2001 as compared to 29.4% for the same period in 2000. This increase was primarily attributable to labor inefficiencies resulting from lower sales volumes.

Other restaurant operating expenses. Other restaurant operating expenses increased to 20.6% as a percentage of revenues for the 26 weeks ended July 1, 2001 as compared with 20.0% for the same period in 2000. The increase was primarily related to the increase in utility costs associated with fuel prices, partially offset by a reduction in media advertising costs.

General and administrative expenses. General and administrative expenses increased to 7.6% as a percentage of revenues for the 26 weeks ended July 1, 2001 as compared with 7.2% for the same period in 2000. This increase was



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primarily attributable to inefficiencies resulting from lower sales volumes.

Depreciation and amortization. Depreciation and amortization expenses as a percentage of revenues decreased to 2.6% for the 26 weeks ended July 1, 2001 as compared with 2.7% for the same period in 2000. The decrease primarily was due to the reduced basis of property and equipment resulting from the recognition of asset impairment in prior years.

Provision for impairment of assets. The Company recorded a \$1,582,000 charge in the 26 weeks ended July 1, 2001 relating to the write-down of impaired assets to their estimated fair value in accordance with Statement of Financial Accounting Standards No. 121. The asset impairment charge related to 14 of the 15 restaurants closed on licensed, 13 restaurants in the Midwest and one restaurant in Florida. Eleven of the 14 restaurants had incurred previous write-downs in the third quarter of 2000. The Company closed most of these under-performing units in which six units were closed during the first quarter of 2001. An additional six units were closed and three units were licensed during the second quarter of 2001.

Provision for store closings. The Company recorded a one-time charge of \$1,333,000 relating to store closing costs primarily related to restaurants in the Midwest. The Midwest restaurants were closed during the first and second quarters of 2001 due to poor operating results. Store closing costs consist primarily of real estate lease obligations incurred or anticipated to complete lease terminations or continuing costs while new tenants are located.

Interest expenses, net. The net interest expense decreased to \$316,000 from \$388,000 during the 26 weeks ended July 1, 2001 as compared with the same period in 2000. The decrease was due to the retirement of debt associated with closed units.

Other income (expense), net. The other expense of \$81,000 for the 26 weeks ended July 1, 2001 as compared with other income of \$194,000 for the same period in 2000 is primarily attributable to the \$238,000 gain realized upon the disposition of a leasehold interest in the Company's Western Hills restaurant during 2000. The restaurant was closed during September 1999 with the corresponding leasehold interest being transferred during the second quarter of 2000.

Provision for income taxes. No provision for income taxes was recognized for the 26 weeks ended July 1, 2001 as compared to a provision of \$570,000 during the same period in 2000. The decrease was directly attributable to the loss before taxes for the 26 weeks ended July 1, 2001.

Income (loss) from operations and net income (loss). As a result of the factors discussed above, the Company's loss from operations was \$2,399,000 for the 26 weeks ended July 1, 2001 compared to income from operations of \$2,086,000 for the same period in 2000. Exclusive of the provisions for impairment of assets and store closings, the

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Company's income from operations was \$516,000 for the 26 weeks ended July 1, 2001 compared to \$2,086,000 for the same period in 2000. The Company's net loss for the 26 weeks ended July 1, 2001 was \$2,911,000 compared to net income of \$1,155,000 in the same period in 2000. Exclusive of the provisions for impairment of assets and store closings, the Company's net income was \$4,000 for the 26 weeks ended July 1, 2001 compared to \$1,155,000 for the same period in 2000.

LIQUIDITY AND CAPITAL RESOURCES

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As of July 1, 2001, the Company's current liabilities of \$12,271,000 exceeded its current assets of \$2,848,000, resulting in a working capital deficiency of \$9,423,000. A decrease in revenues resulting from fewer restaurants in operation and a decrease in comparable store sales, coupled by increased operating costs and costs incurred to discontinue operations in 15 restaurants during the first and second quarters of 2001, negatively affected cash. The Company continues to be negatively impacted by the closure and ongoing divestiture of its Midwest locations. Such divestiture has had and, in the near term, will continue to have an adverse affect on the Company's cash position. Historically, the Company has generally operated with minimal or negative working capital as a result of the investing of current assets into non-current property and equipment as well as the turnover of restaurant inventory relative to more favorable vendor terms in accounts payable.

The Company is currently negotiating modified payment terms with many of its creditors and key vendors as an integral process in its turnaround plan. Through this plan, it is contemplated that a substantial portion of these liabilities will be deferred until a future date and/or be converted for shares of Shells' preferred stock. The Company anticipates requiring additional outside financing during the third and fourth quarters of 2001. There can be no assurance that any such financing, or restructuring of indebtedness, will be available to the Company on terms acceptable to the Company, or at all. The failure of the Company to successfully negotiate such debt restructuring and obtain the necessary funding may impact on the Company's ability to continue its operations.

Cash provided by operating activities for the 26 weeks ended 2001 was \$914,000 as compared to \$3,731,000 for the same period in 2000. The net decrease of \$2,817,000 primarily was attributable to less favorable store operating results in addition to costs incurred to close the Midwest restaurants.

The cash provided by investing activities increased \$1,046,000 for the 26 weeks ended July 1, 2001 compared to the same period in 2000. The increase was due to the sale of real estate in the Midwest.

The cash used in financing activities increased \$1,247,000 for the 26 weeks ended July 1, 2001 compared to the same period last year. The increase was primarily due to debt repayments associated with the sale of a restaurant property then owned by the Company in the Midwest.

### SEASONALITY

The restaurant industry in general is seasonal, depending on restaurant location and the type of food served. The Company has experienced fluctuations in its quarter-to-quarter operating results due primarily to its high concentration of restaurants in Florida. Business in Florida is influenced by seasonality due to various factors which include but are not limited to weather conditions in Florida relative to other areas of the U.S. and the health of Florida's economy in general and the tourism industry in particular. The Company's restaurant sales are generally highest from January through April and June through August, the peaks of the Florida tourism season, and generally lower from September through mid-December. In many cases, locations are in coastal cities, where sales are significantly dependent on tourism and its seasonality patterns.

In addition, quarterly results have been, and in the future could be, affected by the timing and conditions under which restaurants are closed both in and outside of Florida. Because of the seasonality of the Company's business and the impact of restaurant closures and openings, if applicable, results for any quarter are not generally indicative of the

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results that may be achieved for a full fiscal year on an annualized basis and cannot be used to indicate financial performance for the entire year.

### Item 3. - Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from changes in interest rates on debt and changes in commodity prices. The Company's exposure to interest rate risk relates to its \$2,235,000 outstanding debt with banks that is based on variable rates. Borrowings under the loan agreements bear interest at rates ranging from 50 basis points under the prime lending rate to 100 basis points over the prime lending rate. There is also one loan that is based on 225 basis points over the 30 day London Interbank Offered Rate which was 3.64% in August 7, 2001.

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## Part II - OTHER INFORMATION

### Item 1 - Legal Proceedings

None

### Item 2 - Changes in Securities and Use of Proceeds

None

### Item 3 - Defaults Upon Senior Securities

The Company has existing indebtedness with Manufacturers Bank of Florida, consisting of 3 notes with a total principal balance, as of July 1, 2001, of \$1,613,000. The loans, which were used to finance the purchase of certain restaurant locations and equipment, are subject to compliance by the Company with specified financial covenants. The Company is not currently in compliance with certain of these covenants, and has received a covenant waiver from the bank through December 2001. The Company expects to reduce the outstanding indebtedness owed to the bank with the proceeds from any sale of the financed property.

### Item 4 - Submission of Matters to a Vote of Security Holders

None

### Item 5 - Other Information

None

### Item 6 - Exhibits and Reports on Form 8-K

None

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the

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undersigned thereunto duly authorized.

SHELLS SEAFOOD RESTAURANTS, INC.  
(Registrant)

/s/ David W. Head

\_\_\_\_\_  
Date August 15, 2001

-----  
David W. Head  
President and Chief Executive Officer

/s/ Warren R. Nelson

\_\_\_\_\_  
Date August 15, 2001

-----  
Warren R. Nelson  
Executive Vice President and  
Chief Financial Officer