

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10KSB

Annual and transition reports of small business issuers [Section 13 or 15(d), not S-B Item 405]

Filing Date: **1998-07-22** | Period of Report: **1998-04-26**  
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### FILER

#### **BOSTON RESTAURANT ASSOCIATES INC**

CIK: **926295** | IRS No.: **611162263** | State of Incorporation: **DE** | Fiscal Year End: **0430**  
Type: **10KSB** | Act: **34** | File No.: **001-13320** | Film No.: **98669901**  
SIC: **5812** Eating places

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Dear Shareholders,

The long term strategy that Boston Restaurant Associates initiated in 1994 is right on track. Fiscal 1998 was a very rewarding year.

We have tightened our focus on developing the Pizzeria Regina brand, selling our last Bel Canto restaurant and closing all non-performing units. In August 1997 our first out of state store opened at the Paramus Park Mall in Paramus, New Jersey, followed by one in Richmond, Virginia and Oviedo, Florida. New packaging and distribution methods developed for shipping pizza dough are in place and successful. This will allow us to support company-owned and franchise stores consistently at greater distances than first thought.

A Pizzeria Regina franchise program has been developed and was finalized in January 1998. This opens the doors to faster growth in a larger geographic area. In that regard, Boston Restaurant Associates signed an agreement to develop franchises in Europe, the Middle East and the Pacific Rim nations with an experienced food service development company based in Brussels, Belgium. This has already produced significant inquiries from seasoned overseas food service companies. We hope to capitalize on the growth opportunities in fiscal 1999.

Our restaurant portfolio performed well this year. Overall same-store sales grew 7.3% while costs declined 2% for food and beverage, 1% for payroll and 1% for other operating expenses.

The balance sheet improved as well, as a result of a profitable year and the raising of \$2M in a rights offering that was 33% oversubscribed. These great results helped to raise our stock price by 24% in fiscal 1998.

With all that has happened this year, our opportunities for fiscal 1999 have broadened. Two leases have already been signed for stores to be built in 1999. The future looks promising. I would like to thank our loyal and experienced cadre for making this possible and our stockholders for your faith and support in our plan.

Sincerely,

George R. Chapdelaine  
President and Chief  
Executive Officer

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
FORM 10-KSB

(Mark One)

Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934. For the fiscal year ended April 26, 1998.

Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number  
0-18369

BOSTON RESTAURANT ASSOCIATES, INC.

-----  
(Name of Small Business Issuer as Specified in its Charter)

Delaware

61-1162263

-----  
(State or Other Jurisdiction of  
Incorporation or Organization)

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

999 Broadway, Suite 400  
Saugus, Massachusetts

01906

-----  
(Address of Principal Executive Offices)

-----  
(Zip Code)

(781)231-7575

-----  
(Issuer's Telephone Number Including Area Code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act  
of 1934:

Title of Each Class -----	Name of Each Exchange on Which Registered -----
Common stock, \$.01 par value per share Redeemable Common Stock Purchase Warrants	Boston Stock Exchange

Securities registered under Section 12(g) of the Securities Exchange  
Act of 1934:

Common Stock, \$.01 par value per share  
-----

(Title of Class)

Redeemable Common Stock  
Purchase Warrants  
-----

(Title of Class)

Check whether the issuer: (1) filed all reports required to be filed by  
Section 13 or 15(d) of the Exchange Act during the past 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 [X]      No [ ]

Check if disclosure of delinquent filers in response to Item 405 of  
Regulation S-B is not contained in this form, and no disclosure will be  
contained, to the best of the registrant's knowledge, in definitive proxy or  
information statements incorporated by reference in Part III of this Form 10-KSB  
or any amendments to this Form 10-KSB. [ ]

The issuer's revenues for its most recent fiscal year were \$11,255,049.

The aggregate market value of registrant's Common Stock, \$.01 par value  
per share, held by non-affiliates of the registrant as of July 14, 1998 was  
\$1-11/16 based upon the average closing bid and asked prices of such stock on  
that date as reported on the NASDAQ SmallCap Market on that date. As of July  
14, 1998 there were 7,024,170 shares of the registrant's Common Stock, \$.01 par  
value per share outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement involving the election of  
directors, which is expected to be filed within 120 days after the end of the  
registrant's fiscal year, are incorporated by reference in Part III of this  
Report.

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#### PART I

##### ITEM 1. BUSINESS

###### General

Boston Restaurant Associates, Inc. (the "Company") operates a chain of

11 restaurants -- ten fast service, high volume pizzerias under the Pizzeria Regina(R) name and one full service family-style Italian/American restaurant under the Polcari's North End(TM) name. Of the ten Pizzeria Regina restaurants, eight are food court kiosks (self-service, take-out style emphasizing pizza slices with common area seating), and two are wait-service restaurants (full-service style emphasizing whole pizzas with in-restaurant seating). A majority of the restaurants are located in the Boston, Massachusetts metropolitan area.

The Pizzeria Regina restaurants feature the Company's signature product, its premium Neapolitan style, thin crust pizza, prepared in gas-fired brick ovens. The original Pizzeria Regina, located in Boston's historic North End, has served the Company's premium brick oven pizza since 1926. The Company believes that the Pizzeria Regina pizza and the brand name are local symbols of superior and distinctive pizza. See "Pizzeria Regina Restaurants."

The Polcari's North End restaurant is a full service Italian/American, family-style restaurant that captures the community spirit of the 1940's and 1950's in Boston's Italian North End neighborhood. It highlights exposed gas-fired brick ovens in open view of diners, memorabilia and photographs depicting 1940 and 1950 scenes in Boston's North End, and large tables to encourage family style dining. See "Polcari's North End Restaurant."

The Company plans to expand its operations by opening additional Company-operated Pizzeria Regina food court kiosks in high volume retail malls as the opportunities present themselves and by beginning to franchise its Pizzeria Regina concept. Whether or not the Company seeks to expand the Polcari's North End concept by opening additional restaurants will depend upon market opportunities and the Company's overall financial and management resources. The rate at which the Company actually is able to open new Company-operated restaurants will be determined by many factors, including the Company's success in obtaining adequate financing, identifying satisfactory sites, negotiating satisfactory leases, securing requisite governmental permits and approvals, and training management personnel. The rate at which franchised restaurants are opened also will be determined by many factors, including site availability and qualified franchisees. There can be no assurance that the Company will have the resources to expand, that expansion will not be more costly than anticipated, that current and future sites will operate profitably, or that franchising efforts will be successful.

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The Company's principal offices are located at 999 Broadway, Saugus, Massachusetts 01906 and its telephone number is (781) 231-7575. As used in this Report, unless otherwise indicated, the term "Company" refers to Boston Restaurant Associates, Inc. and its subsidiaries.

#### Pizzeria Regina Restaurants

The Company currently operates ten Pizzeria Regina restaurants -- fast service, high volume pizzerias that feature premium brick oven pizza and cater primarily to the lunchtime diner (with the exception of the original North End location, which serves both the lunch and dinner markets). Of these ten restaurants, eight are food court kiosks (self-service, take-out style emphasizing pizza slices with common area seating), and two are wait-service restaurants (full-service style emphasizing whole pizzas with in-restaurant seating).

The Pizzeria Regina restaurants feature the Company's signature product, its premium Neapolitan style, thin crust, brick oven pizza. This pizza features a proprietary dough and pizza sauce which the Company believes combine to produce a distinct flavor and superior pizza. These pizzas are offered with a wide variety of fresh vegetable and cured meat toppings. The Company believes that the quality of its pizza resulting from its proprietary ingredients and baking process should enable it to appeal to both the lunch and dinner markets. The original Pizzeria Regina, located in Boston's historic North End, has served the Company's premium brick oven pizza since 1926.

The Company's eight food court kiosks primarily serve pizza by the slice with multiple topping choices and operate side-by-side with other fast food vendors. Menu items are presented in a self-service, take-out style designed to allow customers to order, pay for and consume their food in a very short period of time. Customers who desire to sit down after purchasing their food may join customers of other food court vendors in one or more designated common areas within the mall. The focused menu, self-service, take-out style and common seating provide food court customers with a fast dining, low cost alternative relative to more traditional full service restaurants.

The Company intends to open additional Pizzeria Regina food court kiosks, primarily in retail malls. Based on the Company's own experience and articles from trade journals, the Company believes there is a trend at retail malls to retrofit and upgrade food courts to emphasize fast food as a focal point of malls. The Company further believes that lunchtime diners who visit retail shopping malls seek high quality, quick service meals in a food court setting, and that the premium quality of its brick oven pizza should position it to compete effectively in food court locations.

During fiscal year 1998 the Company opened a total of three food court kiosk operations: Paramus Park, Paramus, New Jersey; Regency Square Mall, Richmond, Virginia; and Oviedo Marketplace, Oviedo, Florida. In addition a food court kiosk was opened at the Auburn Mall, Auburn, Massachusetts in May of 1998. The Company has

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preliminarily identified other potential site locations that it believes will become available during the next 24 months. Management estimates that the cost of opening a typical food court kiosk currently is approximately \$350,000 to \$400,000. There can be no assurance that the Company will be able to obtain financing necessary to construct additional food courts kiosks, that the Company will be able to complete the construction of new kiosks on a timely basis and within budget, if at all, or that the Company will be able to operate these kiosks successfully.

Two of the Company's Pizzeria Regina restaurants (a food court kiosk and a wait-service restaurant) are located in the Quincy Market/Faneuil Hall Marketplace in Boston, Massachusetts. The Company entered into a new five-year lease for the food court kiosk, the more successful of the two restaurants, on January 1, 1996. The Company anticipates closing the wait-service restaurant, the lease of which has expired, on or before December 31, 1998. At that time it will seek to enter into a lease for additional space for a full service restaurant in the Quincy Market/Faneuil Hall Marketplace. The Company believes, based upon communications with the landlord, that it will be able to successfully negotiate a new lease for a wait service restaurant in that location, although there can be no assurance that it will be able to do so.

#### Polcari's North End Restaurant

In March 1995, the Company opened its first Polcari's North End restaurant in Saugus, Massachusetts, replacing a similar restaurant the Company had operated from 1954-1989 in Boston's North End. The Polcari's North End restaurant concept is designed to create an Italian/American, family-style, casual dining ambiance that captures the community spirit of the 1940's and 1950's in Boston's Italian North End neighborhood. The restaurant highlights exposed gas-fired brick ovens in open view of diners. In addition, memorabilia and photographs depicting 1940 and 1950 scenes in Boston's North End are used to create a neighborhood atmosphere rich with history. The restaurant also features large tables of six or more seats to encourage family style dining and a value-oriented menu that includes branded Pizzeria Regina pizza, large Italian/American pasta dishes and fresh baked breads.

The Company may in the future review opportunities to open additional Polcari's North End restaurants. Such expansion will be dependent upon market opportunities and the Company's overall financial and management resources.

#### Restaurant Operations

The Company invests substantial time and effort in its training programs, which focus on all aspects of restaurant operations, including kitchen, bar and dining room operations, food quality and preparation, alcoholic beverage service, liquor liability avoidance, customer service and employee relations. The Company holds regular meetings of its managers which cover new products, continuing training and other aspects

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of business management. Managers also attend seminars, which are periodically conducted by Company personnel and outside experts, on a broad range of topics.

New employees are trained by experienced employees who have demonstrated their ability to implement the Company's commitment to provide high

quality food and attentive service. The Company has developed manuals regarding its policies and procedures for restaurant operations. Senior management regularly visits Company restaurants and meets with the respective management teams to ensure compliance with the Company's strategies and standards of quality in all respects of restaurant operations and personnel development.

The Company seeks to attract and retain high caliber restaurant managers by providing them with an appropriate balance of autonomy and direction. Annual performance objectives and budgets for each restaurant are jointly determined by restaurant managers and senior management. To provide incentives, the Company has a cash bonus program tied to achievement of specified objectives.

The staff for a typical Pizzeria Regina kiosk restaurant consists of one general manager, two managers and approximately 12 to 15 hourly employees. The staff of a typical sit-down Pizzeria Regina consists of a general manager, two managers, and approximately 15 to 25 hourly employees. The staff for a Polcari's North End restaurant consists of one general manager, two managers, one kitchen manager and approximately 40 to 60 hourly employees. Most of the Company's hourly employees are part-time personnel. The general manager of each restaurant is primarily responsible for the day-to-day operations of the entire restaurant and maintaining standards of quality and performance established by the Company.

The Company believes centralized financial and management controls are fundamental to improving operating margins. These controls are maintained through the use of an automated data processing system and prescribed reporting procedures. Each restaurant has a point-of-sale system that captures restaurant operating information. The restaurants forward daily sales reports, vendor invoices, payroll information and other data to the Company's corporate headquarters. Company management utilizes this data to centrally monitor costs and sales mix and to prepare periodic financial management reports. This system is also used for budget analysis, planning and determination of menu composition. Restaurant managers perform daily inventories of key supplies. All other supplies are inventoried weekly at the Pizzeria Regina restaurants and are inventoried biweekly at the Polcari's North End. Cash is controlled through deposits of sale proceeds in local operating accounts following each restaurant shift with respect to the Pizzeria Regina locations and following each business day with respect to Polcari's North End location. The balances in those accounts are wire transferred daily to the Company's principal operating account.

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#### Site Selection

The Company considers the specific location of a restaurant to be critical to the restaurant's long term success. It devotes significant time and resources to the investigation and evaluation of each prospective site, including consideration of local market demographics, population density, average household income levels and site characteristics such as visibility, accessibility and traffic.

The Company seeks sites for the Pizzeria Regina kiosk restaurants within high-traffic food courts or retail shopping malls located in metropolitan areas. It seeks sites for Pizzeria Regina wait-service restaurants in densely populated areas. Factors which will favor a Polcari's North End restaurant site are its proximity to high-volume, middle market traffic centers, such as retail and residential areas with populations of at least 100,000 persons within a five mile radius. For all types of restaurants, the Company also considers existing local competition and, to the extent such information is available, the sales of other comparably priced restaurants operating in the area.

#### Purchasing and Commissary Operations

The Company maintains a commissary where food products such as pizza dough are produced for the Company's restaurants. These products require a high degree of consistency that would be more difficult to maintain at the individual restaurant locations. The Company believes that close, centralized monitoring of the dough preparation ensures a more consistent premium product. All other food preparation is performed on site at the restaurant level.

The Company negotiates directly with wholesale suppliers of high volume food ingredients such as cheese, tomato sauce, and flour to ensure consistent quality and freshness of products across its restaurants and to obtain competitive pricing. These ingredients are then purchased by the Company's distributor at the negotiated price and redistributed to the Company's

restaurants. All other food ingredients and beverage products are purchased directly by the general manager of each restaurant in accordance with corporate guidelines. The Company believes that all essential food and beverage products are available from many qualified wholesale suppliers.

#### Franchising

In 1997, the Company formed Boston Restaurant Associates International, Inc. ("BRAII"), a wholly owned subsidiary, for the purpose of offering Pizzeria Regina franchise opportunities both domestically and internationally. BRAII has filed a Uniform Franchise Offering Circular in Connecticut, Florida, Georgia, Kentucky, New Hampshire, Pennsylvania and Texas and is actively seeking franchisees with operational experience.

In addition, in January 1998, the Company entered into an International Development Agreement with Regina International, Ltd. ("Regina International"),

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controlled by Terrance Smith, a Company director with experience in international franchising, to pursue and develop franchise territories outside the Americas, anticipated to be principally in Europe, the Far East and the Pacific Rim.

Franchising operations present numerous risks, and the Company faces vigorous competition from other similar type restaurant chains in attracting and retaining suitable franchisees. The Company is subject to regulation by the Federal Trade Commission and must comply with certain state laws that govern the offering, sale, and termination of franchises and the refusal to renew franchises. The Company has limited experience in franchising restaurants. Franchisees' failure to maintain the Company's high standards could adversely affect customer attitudes towards the Company's restaurants. Granting exclusive territory agreements may also limit future expansion opportunities for Company-owned restaurants. Franchise developers or franchisees may leave the franchise system at the end of the term of their development or franchise agreements or may attempt to terminate their agreements before the end of their terms, thereby reducing royalty revenues. Further, while franchising permits the Company to increase the geographic coverage of its restaurant system without substantial investments of capital, it also means that the Company may not have direct operational control over the Company's franchised restaurants.

#### Seasonality

The Company's restaurants are subject to seasonal fluctuations in sales volume. Sales at the Pizzeria Regina restaurants are typically higher in June through August and in November and December due to increased volume in shopping malls during the holiday and tourist seasons and school vacations.

#### Employees

As of July 15, 1998, the Company had approximately 275 employees, of whom 10 were corporate and administrative personnel, 33 were field supervision or restaurant managers or management trainees, and the remainder were hourly restaurant personnel. Many of the Company's hourly employees work part-time. The Company believes that its relationship with its employees is good. None of the Company's employees are covered by a collective bargaining agreement.

#### Advertising and Marketing

The Company's target market for the Pizzeria Regina restaurants is very broad, consisting of individuals and families who seek fast service and high value-to-price meals during the lunch period. The target markets for the Polcari's North End restaurant are adults and families who seek moderately priced Italian dinner entrees, in a comfortable environment. The Company believes that its focus on premium quality, service and value is the most effective approach to attracting customers.

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The Company anticipates that it will obtain greater name recognition from increased distribution channels for its premium Pizzeria Regina brick oven pizza and the development of additional Pizzeria Regina food court kiosks. In addition, management believes that the concentration of most of its Company-owned restaurants within Eastern Massachusetts will enable the Polcari's North End restaurant to benefit from the recognition of the Pizzeria Regina and Polcari names. The Company plans to rely upon local advertising, high-volume

traffic flow at retail malls, and word of mouth exposure.

#### Competition

The restaurant business is highly competitive. Price, restaurant location, food quality, service and attractiveness of facilities are important aspects of competition, and the competitive environment is often affected by factors beyond the Company's or a particular restaurant's control, including changes in the public's tastes and eating and drinking habits, population and traffic patterns and local economic conditions. The Company's restaurants compete with a wide variety of restaurants ranging from national and regional restaurant chains (some of which have substantially greater financial resources than the Company) to locally-owned restaurants. There is also active competition for liquor licenses in certain markets and for advantageous commercial real estate sites suitable for restaurants. The Pizzeria Regina restaurants compete with other fast-service, high volume food providers on the basis of price, value, location, and speed of service. The Polcari's North End restaurant competes with other casual, full service restaurants primarily on the basis of menu selection, quality, price, service, ambiance and location.

#### Trademarks

The Company regards its service marks as having significant value and as being an important factor in the marketing of its products. Its most significant marks are "Pizzeria Regina," "Regina," the Regina crown design logo, and "Polcari's." These marks, which appear in its advertisements, menus and elsewhere, are widely recognized. "Pizzeria Regina" and the crown design logo are registered trademarks of the Company. The Company has applied to register the "Polcari's" logo, "Polcari's North End" and the Regina service marks with the United States Patent and Trademark Office.

#### Government Regulation

The Company is subject to a variety of federal, state and local laws and regulations. Each of the Company's restaurants is subject to licensing and regulation by a number of government authorities, including alcoholic beverage control, health, safety, sanitation, building and fire agencies in the state or municipality in which the restaurant is located. Difficulties in obtaining or failure to obtain required licenses or approvals could delay or prevent the development of a new restaurant in a particular area.

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The selection of new restaurant sites is affected by federal, state and local laws and regulations regarding environmental matters, zoning and land use and the sale of alcoholic beverages. Varied requirements (particularly at the local level) may result in increases in the cost and time required for opening new restaurants, as well as increases in the cost of operating restaurants. Difficulties in obtaining necessary licenses or permits could cause delays in or cancellations of new restaurant openings.

A significant portion of the Company's revenues at the Polcari's North End restaurant and the original Pizzeria Regina location in the North End is attributable to the sale of alcoholic beverages. Alcoholic beverage control regulations require each of the Company's restaurants which serve alcohol to apply to both a state authority and municipal authorities for a license or permit to sell alcoholic beverages on the premises. Typically, licenses must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations affect numerous aspects of restaurant operations, including minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling, storage and dispensing of alcoholic beverages. The failure of the Company to obtain or retain liquor or food service licenses could have a material adverse affect on the particular restaurant's operations and the business of the Company generally.

The Company is subject to "dram shop" statutes, which generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. The Company presently carries \$1,000,000 of liquor liability coverage for its restaurants, as well as excess liability coverage of \$10,000,000 per occurrence, with a \$10,000 deductible. The Company has never been named as a defendant in a lawsuit involving "dram shop" liability. There can be no assurance that dram shop insurance will continue to be available to the Company at commercially reasonable prices, if at all, or that such insurance, if maintained, will be sufficient to cover any claims against the Company for dram shop liability for which it may be held liable.



The Company's restaurant operations are all subject to federal and state laws governing such matters as the proposed government mandated health insurance, over which the Company has no control. A significant number of the Company's personnel are paid at rates related to the federal minimum wage, and increases in the minimum wage could increase the Company's labor costs.

#### Risk Factors

An investment in the Company involves a degree of risk. Accordingly, in addition to the risks discussed elsewhere in this Form 10-KSB, investors should consider carefully the following risk factors in evaluating an investment in the Company.

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#### Risks Related to Planned Expansion

The Company intends to open additional Pizzeria Regina food court kiosks and to grant franchises to others. However, the Company's ability to open additional Company restaurants and acquire franchises will depend upon a number of factors, such as identifying satisfactory sites, negotiating satisfactory leases, securing requisite governmental permits and approvals, adequate supervision of construction, and recruiting and training management personnel, some of which are beyond the control of the Company. There can be no assurance that the Company will be able to open any of its planned new restaurants within budget or on a timely basis, if at all, or that any of the new restaurants will operate profitably. If the Company is unable to expand as planned, it may reduce the Company's ability to increase profitability.

#### Possible Need of Additional Funding

The Company believes that its anticipated cash flow from operations, together with existing resources, will be sufficient to fund its working capital needs and expansion plans for at least the next 12 months. However, there can be no assurance that this will be the case. Changes in the Company's business or its business plan could affect its capital requirements. Moreover, there can be no assurance that the Company will have sufficient revenues after the end of that 12 month period to continue to fund its expansion plans and other operating requirements. In the event the Company requires additional financing, there can be no assurance that the Company would be able to obtain financing on favorable terms, if at all, and failure to do so could have a material adverse effect on the Company's business. See "Item 6. Management's Discussion and Analysis or Plan of Operation-- Liquidity and Capital Resources."

#### Risks of Restaurant Industry

The Company's future performance will be subject to a number of factors that affect the restaurant industry generally, including (i) the highly competitive nature of the restaurant industry, (ii) general and local economic conditions, (iii) changes in tastes and eating and drinking habits, (iv) changes in tax laws that affect the deductibility of business related meals, (v) changes in food costs due to shortages, inflation or other causes, (vi) population and traffic patterns, (vii) demographic trends, (viii) general employment and wage and benefit levels in the restaurant industry, which may be affected by changes in federal and local minimum wage requirements or by federally or locally mandated health insurance, and (ix) the number of people willing to work at or near the minimum wage. See "Item 1. Business - Competition."

#### Dependence on Key Executive Officers

The future success of the Company will depend in large part on the continued services of its President, George R. Chapdelaine, as well as on the Company's ability to attract and retain other qualified senior management personnel. The Company has

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retained the services of Mr. Chapdelaine through April 1999 pursuant to an employment agreement. The Company also has and intends to maintain key man life insurance in the amount of \$2,000,000 on the life of Mr. Chapdelaine.

#### Control by Management

The Company's executive officers, directors and their affiliates and members of their immediate families control the vote of approximately 49.2% of the outstanding shares of the Common Stock. George R. Chapdelaine and John P. Polcari, Jr., as the Voting Trustees under an Amended and Restated Voting Trust Agreement dated April 28, 1994 (the "Voting Trust Agreement") had joint dispositive and voting power over certain shares beneficially owned by the Company's executive officers, directors or their affiliates or members of their immediate families and were able to control or exert substantial influence over actions requiring stockholder approval. On July 13, 1998, the Voting Trust was terminated and the assets of the Voting Trust were distributed to its beneficiaries.

#### Geographic Concentration

A total of eight of the Company's eleven existing restaurants are located in Eastern Massachusetts. As a result, the Company's results of operations may be materially affected by changes in the Massachusetts economy. See "Item 1. Business - General."

#### Volatility of Stock Price

The Company's Common Stock is traded on the Nasdaq SmallCap Market and, compared to many other publicly traded companies, the Company is relatively small and has a relatively small average trading volume. Quarterly operating results of the Company or other restaurant companies, changes in general conditions in the economy, the restaurant industry, or the financial markets, or other developments affecting the Company, its competitors or the financial markets, could cause the market price of the Common Stock to fluctuate significantly. In addition, the stock market has recently experienced marked price and volume fluctuations. These broad market fluctuations may adversely affect the market price of the Common Stock. See "Item 5. Market for Common Equity and Related Stockholder Matters."

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#### ITEM 2. DESCRIPTION OF PROPERTY

All of the Company's existing restaurants are located in leased space, except for the North End Pizzeria Regina location which is owned by the Company. All of the Company's leases provide for a minimum annual rent, and most call for additional rent based on sales volume at the particular location over a specified minimum level. Generally, these leases are net leases which require the Company to pay the cost of insurance, taxes and a portion of the lessor's operating costs. Certain mall locations also require the Company to participate in upkeep of common areas and promotional activities.

The following table sets forth certain information with respect to the Company's restaurant properties:

<TABLE>

<CAPTION>

Location	Approx. Sq. Ft.	Seating Capacity(1)	Lease Expiration Date	Name/Type
<S> Auburn Mall Auburn, MA	<C> 924	<C> N/A	<C> 1/31/08	<C> Pizzeria Regina (food court)
North End Boston, MA	4,300	67	N/A(2)	Pizzeria Regina (wait-service)
Faneuil Hall Marketplace Boston, MA (Upstairs)	750	N/A	12/31/00	Pizzeria Regina (food court)
Faneuil Hall Marketplace(3) Boston, MA (Downstairs)	2,000	75	12/31/98	Pizzeria Regina (wait service)
Burlington Mall Burlington, MA	1,018	N/A	11/30/05	Pizzeria Regina (food court)
South Shore Plaza	700	N/A	2/28/06	Pizzeria Regina

Braintree, MA				(food court)
Solomon Pond Mall Marlborough, MA	1,085	N/A	1/30/07	Pizzeria Regina (food court)
Oviedo Market Place Oviedo, FL	714	N/A	4/01/08	Pizzeria Regina (food court)

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<TABLE>

<S>	<C>	<C>	<C>	<C>
Paramus Park Paramus, NJ	696	N/A	7/31/09	Pizzeria Regina (food court)
Regency Square Richmond, VA	605	N/A	11/03/04	Pizzeria Regina (food court)
Saugus, MA	11,000	400	11/30/12	Polcari's North End

</TABLE>

- (1) Food court locations have no independent seating capacity. Seating is centralized in the common areas of the food courts.
- (2) Company-owned. This property is subject to a mortgage in favor of Haymarket Co-Operative Bank. See "Item 6. Management's Discussion And Analysis Or Plan Of Operation -- Liquidity and Capital Resources." Includes approximately 1,000 square feet located in two adjacent condominiums owned by the Company which have not been built-out as of the date of this Report.
- (3) The Company is currently in negotiations for a new wait service location within the marketplace.

The Company occupies approximately 3,200 square feet of executive office space at 999 Broadway, Saugus, Massachusetts 01906. The Company also leases approximately 5,000 square feet of warehouse space located in Somerville, Massachusetts under a lease expiring on July 31,2001 (including all extension options that may be exercised by the Company in its discretion) and approximately 2,741 square feet for its commissary located in Charlestown, Massachusetts under a lease expiring on August 14, 1999.

#### ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal matters in the ordinary course of its business. Each of these matters is subject to various uncertainties and some of these matters may be resolved unfavorably to the Company. Management believes that any liability that may ultimately result from these matters will not have a material adverse effect on the Company's financial position.

#### ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

During the fourth quarter of the fiscal year covered by this report, no matters were submitted to a vote of security holders of the Company.

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#### PART II

#### ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock (NASDAQ symbol: "BRAI") is traded publicly on the NASDAQ SmallCap Market and the Boston Stock Exchange (BSE symbol:"BNR"). As of July 15, 1998, there were approximately 1,130 holders of record of the Company's Common Stock. On July 14,1998, the last bid and asked price of the Company's Common Stock as reported on the Nasdaq Small-Cap Market were \$1-9/16 and \$1-11/16 per share, respectively.

The table below represents the quarterly high and low bid and asked prices for the Company's Common Stock for the Company's last two fiscal years. The prices listed in this table reflect quotations without adjustment for retail mark-up, markdown or commission, and may not represent actual transactions.

<TABLE>  
<CAPTION>

	High Bid -----	Low Bid -----	High Asked -----	Low Asked -----
Fiscal Year Ended April 27, 1997				
<S>	<C>	<C>	<C>	<C>
First Quarter.....	\$1.06	\$0.56	\$1.08	\$1.00
Second Quarter.....	1.00	.60	1.04	.62
Third Quarter.....	1.12	1.00	1.31	1.02
Fourth Quarter.....	1.08	1.04	1.22	1.08
Fiscal Year Ended April 26, 1998				
First Quarter.....	\$1.31	\$1.06	\$1.43	\$1.18
Second Quarter.....	2.18	1.18	2.31	1.28
Third Quarter.....	1.62	1.25	1.87	1.37
Fourth Quarter.....	1.75	1.25	1.81	1.31

</TABLE>

The Company has never paid cash dividends on its capital stock and does not anticipate paying any cash dividends in the foreseeable future. Rather, the Company intends to retain all of its future earnings to finance future growth.

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ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following table sets forth for the fiscal periods indicated the percentage of total revenues, unless otherwise indicated, represented by certain items reflected in the Company's consolidated statements of operations:

<TABLE>  
<CAPTION>

	Fiscal Year Ended -----	
	April 26, 1998 -----	April 27, 1997 -----
<S>	<C>	<C>
Income Statement Data:		
Net Sales	100%	100.0%
Costs and expenses:		
Cost of food and beverages	20.2	22.2
Other operating expenses	60.5	62.4
General and administrative	12.2	8.9
Depreciation and amortization	4.2	5.1
Loss from valuation of assets impaired, assets to be disposed of and restaurant closures	--	--
Total costs and expenses	97.1	98.6
Operating Income/(Loss)	2.9	1.4
Interest expense, Net	2.4	1.3
Other (income) expense, net	--	--
Net Income/(Loss)	.5	.1

</TABLE>

Results of Operations

Results of Operations for the Years Ended April 26, 1998 and April 27, 1997

Net sales in fiscal 1998 were \$11,255,000, compared to net sales of \$11,411,000 in fiscal 1997. The decrease in net sales was attributable to the closure of the self-service in-line Pizzeria Regina at the Burlington Mall in October of 1997, the closure of the two Brookline Pizzeria Regina restaurants in May and October of 1997 at the completion of their leases due to the inability to renegotiate a market value lease at those locations and the closure of the Lexington Bel Canto Restaurant. This was partially offset by the opening of the new Paramus, NJ Pizzeria Regina food court kiosk in August of 1997, the opening of the new Richmond, VA Pizzeria Regina food court kiosk in November of 1997, and the opening of the new Oviedo, FL Pizzeria Regina food court kiosk in March

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of 1998. Comparable sales for the restaurants open throughout both fiscal 1998 and 1997 increased by approximately 7.3%.

Net sales at the Company's Pizzeria Regina restaurants increased to \$7,952,000 in fiscal 1998 from \$7,890,000 in fiscal 1997, principally due to the addition of sales from the new Pizzeria Regina food court kiosks and an increase in aggregate same store sales for existing Pizzeria Regina restaurants.

Net sales at the Company's full service casual dining restaurants decreased to \$3,286,000 in fiscal 1998 from \$3,479,000 in fiscal 1997. The decrease was primarily attributable to closure of the Lexington Bel Canto Restaurant in December 1997, which was partially offset by increased sales at the Polcari's North End Restaurant.

#### Costs and Expenses

##### Cost of Food and Beverages

Cost of food and beverages as a percentage of net sales for all restaurants was 20% in fiscal 1998, compared to 22% in fiscal 1997.

The cost of food and beverages as a percentage of net sales at the Pizzeria Regina restaurants was 16% in fiscal 1998, compared to 18% in fiscal 1997. The decrease as a percentage of net sales was principally due to lower food costs and the addition of food court restaurants, which generally have lower food and beverage costs than wait service restaurants.

The cost of food and beverages as a percentage of net sales at the Company's full service casual dining restaurants decreased to 29% in fiscal 1998 from 31% in fiscal 1997. This decrease as a percentage of net sales was due to a change in menu mix and minimal menu price increases at the Company's Polcari's North End Restaurant.

##### Other Operating Expenses

Payroll Expenses. Payroll expenses were \$3,380,000 (30% of net sales) in fiscal 1998, compared to of \$3,496,000 (31% of net sales) in fiscal 1997. The decrease in payroll expenses is primarily attributable to the closure of the Lexington Bel Canto restaurant in December of 1997.

Payroll expenses at the Pizzeria Regina restaurants decreased to \$2,167,000 (27% of net sales) in fiscal 1998 from \$2,242,000 (28% of net sales) in fiscal 1997. The decrease in payroll expenses at the Pizzeria Regina restaurants was primarily attributable to the closure of the Company's two Brookline Pizzeria Regina restaurants and the self-service in-line Pizzeria Regina at the Burlington Mall, which was partially offset by an increase in payroll expenses associated with the new Paramus Park Mall food court

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location in August of 1997, the new Regency Square Mall food court location in November of 1997 and the new Oviedo Mall food court location in March of 1998.

Payroll expenses at the Company's full service casual dining restaurants decreased to \$1,056,000 (32% of net sales) in fiscal 1998 from \$1,139,000 (33% net sales) in fiscal 1997. The decrease in payroll expenses is primarily attributable to the closure of the Lexington Bel Canto restaurant in December of 1997. Commissary payroll expenses were \$157,000 in fiscal 1998 as compared to \$115,000 in fiscal 1997.

##### Other Operating Expenses, Exclusive of Payroll.

Other operating expenses, exclusive of payroll were \$3,435,000 (31% of net sales) in fiscal 1998, compared to \$3,623,000 (32% of net sales) in fiscal 1997.

Other operating expenses exclusive of payroll from the Pizzeria Regina restaurants decreased to \$2,376,000 in fiscal 1998 from \$2,415,000 in fiscal 1997. This decrease in other operating expenses was attributable to the closure of the Company's two Brookline Pizzeria Regina restaurants and the self-service-in-line Pizzeria Regina at this Burlington Mall. The decrease in operating expenses was partially offset by the three new food court locations-- Pizzeria Regina in Paramus Park Mall, Pizzeria Regina in Regency Square Mall, and Pizzeria Regina in the Oviedo Mall--and the Company's policy to expense pre-opening costs associated with new food court locations.

Other operating expenses exclusive of payroll from the Company's full service casual dining restaurants decreased to \$972,000 in fiscal 1998 from \$1,130,000 in fiscal 1997. Other operating expenses also include commissary expenses, which were \$57,000 in fiscal 1998 and \$78,000 in fiscal 1997, respectively. In addition the Company realized pre-opening expenses of \$30,000 in the current fiscal year.

#### General and Administrative Expenses

General and administrative expenses were \$1,377,000 (12% of net sales) in fiscal 1998, compared to \$1,021,000 (9% of net sales) in fiscal 1997. The increase in general and administrative expenses in fiscal 1998 compared to fiscal 1997 was due principally to the opening of new locations and future development costs expensed by the Company.

#### Depreciation and Amortization Expenses

Depreciation and amortization expense was \$470,000 (4% of net sales) in fiscal 1998, as compared to \$579,000 (5% of net sales) in fiscal 1997. The decrease in depreciation and amortization expense in fiscal 1998 compared to fiscal 1997 was attributable to the closure of the Company's two Brookline Pizzeria Regina restaurants and the self-service in-line Pizzeria Regina at the Burlington Mall.

#### Interest Expense and Interest Income

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Interest expense increased to \$305,000 in fiscal 1998, compared to \$157,000 in fiscal 1997. The increase in interest expense was associated with borrowings under the Company's new credit facility and the issuance of convertible subordinated debentures.

Interest income increased to \$25,000 in fiscal 1998 as compared to interest income in fiscal 1997 of \$5,000. The increase in interest income was attributable to the proceeds from the issuance of convertible subordinated debentures and the proceeds from the March 1998 rights offering.

#### Liquidity and Capital Resources

At April 26, 1998 the Company had net working capital of \$1,013,000 and cash equivalents of \$1,788,000.

During fiscal 1998 the Company had a net increase in cash of \$1,062,000 reflecting net cash provided by operating activities of \$257,000, net cash used for investing activities of \$1,064,000 and net cash provided by financing activities of \$1,869,000.

Net cash provided by operating activities include a decrease in accounts receivable of \$23,000 and an increase in deferred rent of \$19,000, partially offset by an increase in prepaid expenses of \$23,000, a decrease in accounts payable of \$68,000, and a decrease in accrued liabilities of \$138,000. Approximately \$1,020,000 of the net cash used in investing activities were costs associated with the opening of the new Pizzeria Regina food court locations in Paramus, NJ, Richmond, VA, Oviedo, FL and Auburn, MA. Net cash provided by financing activities reflects the receipt of \$381,000 of proceeds from the convertible subordinated debentures private placement and \$1,756,000 of net proceeds from the March 1998 rights offering, partially offset by the use of \$241,000 to repay long term debt, lease obligations and stockholder loans, and the use of \$27,000 for debt issuance costs.

The Company opened Pizzeria Regina food court kiosks at the Paramus Park Mall, Paramus, NJ on August 7, 1997, at the Regency Square Mall, Richmond, VA on November 30, 1997 and at the Oviedo Mall, Oviedo, FL on March 11, 1998. The Company also opened a Pizzeria Regina food court kiosk in the Auburn Mall, Auburn, MA on May 7, 1998.

The Company believes that its existing resources, cash flow from operations, borrowings under its credit facility and the net proceeds from the March 1998 rights offering will be sufficient to allow it to meet its obligations over the next twelve months. The Company intends to fund its current obligations and operating expenses through cash generated from operations. The net proceeds of the March 1998 rights offering will be used for repayment of indebtedness, to finance its expansion plans and for other working capital requirements. There can be no assurance that cash flows will improve in an

amount sufficient to allow the Company to fund its current obligations and operating expenses, or that the Company will be able to obtain additional financing upon favorable terms, if at all. Failure of the Company to do so could result in the Company's failure to be able to meet its cash flow requirements.

#### Year 2000 Systems

The Company has undertaken a review concerning the ability of its internal information systems, including its internal accounting systems, to handle date information and to function appropriately from and after January 1, 2000, and does not believe that the total cost to address any changes required as a result of the so-called "Year 2000 Problem" will be material. The Company believes it is unlikely that any Year 2000 Problems encountered by any of its suppliers or customers will have a material impact on the Company.

#### New Accounting Standards

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("SFAS 130") and Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information ("SFAS 131").

SFAS 130 establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income is defined to include all changes in equity, except those resulting from investments by owners and distribution to owners. Among other disclosures, SFAS 130 requires that all items that are required to be recognized under current accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements.

SFAS 131, which supersedes SFAS 14, Financial Reporting for Segments of a Business Enterprise, establishes standards for the way that public companies report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. It also establishes standards for disclosures regarding products and services, geographic areas and major customers. SFAS 131 defines operating segments as components of a company about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

SFAS 130 and 131 are effective for financial statements for periods beginning after December 15, 1997 and require comparative information for earlier years to be restated. Management does not expect implementation of these standards to materially affect future financial statements and disclosures.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995

Forward-looking statements in this report, including without limitation, statements relating to the adequacy of the Company's resources, and the timing of the Company's expansion are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including without limitations: potential quarterly fluctuations in the Company's operating results; seasonality of sales; competition; risks associated with expansion; the Company's reliance on key employees; risks generally associated with the restaurant industry; risks associated with geographic concentration of the Company's restaurants; risks associated with serving alcoholic beverages; and other risks and uncertainties indicated from time to time in the Company's filings with the Securities and Exchange Commission. See also "Item 1. Business - Risk Factors"

ITEM 7. FINANCIAL STATEMENTS

BOSTON RESTAURANT ASSOCIATES, INC. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS

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ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16 (a) OF THE EXCHANGE ACT

The information required by this Item 9 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its 1998 fiscal year.

ITEM 10. EXECUTIVE COMPENSATION

The information required by this Item 10 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its 1998 fiscal year.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item 11 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its 1998 fiscal year.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item 12 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its 1998 fiscal year.

ITEM 13. EXHIBITS, LISTS AND REPORTS ON FORM 8-K

<TABLE>

<CAPTION>

Exhibit Number		Reference Number
<S>	<C>	<C>
3.01	Amended Certificate of Incorporation of the Registrant	A-3 (a) *
3.02	Amended By-Laws of the Registrant	A-3 (b) *
4.01	Description of Common Stock (contained in the Amended Certificate of Incorporation of the Registrant, filed as Exhibit 3(a).	A-4 (a) *
4.02	Form of Certificate evidencing shares of Common Stock	F-4 (b) *

</TABLE>

<TABLE>

<S>	<C>	<C>
4.03	Stock Purchase Warrant issued to Corning Partners IV, L.P. on April 29, 1994	A-10 (z) *



4.04	Loan and Security Agreement dated December 28, 1995 between Boston Restaurant Associates, Inc. and Haymarket Co-Operative Bank	H-10.03*
4.05	\$500,000 Note, dated December 28, 1995, issued by Boston Restaurant Associates, Inc. in favor of Haymarket Co-Operative Bank	H-10.01*
4.06	Condominium Mortgage-Security Agreement, dated December 28, 1995, issued by George R. Chapdelaine, Trustee of BRA Nominee Trust, in favor of Haymarket Co-Operative Bank	H-10.02*
4.07	Guaranty of Ocean Inc., Polcari Enterprises, Inc., Pizzeria Regina, Inc., Polcari's, Inc. and Fantail Restaurant, Inc. dated December 28, 1995, in favor of Haymarket Co-Operative bank	H-10.04*
4.08	Guaranty of George R. Chapdelaine, individually and as trustee of the BRA Nominee Trust, dated December 28, 1995, in favor of Haymarket Co-Operative Bank	H-10.05*
4.09	Guaranty of John P. Polcari, Jr., dated December 28, 1995, in favor of Haymarket Co-Operative Bank	H-10.06*
4.10	\$350,000 Note, dated April 19, 1996 issued by Boston Restaurant Associates, Inc. in favor of Haymarket Co-Operative Bank	I-10.09*
4.11	\$500,000 Note, dated July 26, 1996, issued by Boston Restaurant Associates, Inc. in favor of Haymarket Co-Operative Bank	I-10.10*
4.12	Form of option granted to Mr. Chapdelaine and Mr. Polcari in consideration of their guaranties of Boston Restaurant Associates, Inc. obligations under its credit facility	H-10.07*

</TABLE>

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<TABLE>		
<S>	<C>	<C>
4.13	Guaranty of Lease of George R. Chapdelaine and John P. Polcari, Jr. dated March 17, 1998 in favor of H.C.B. Corporation.	Filed Herewith
4.14	Guaranty of Lease of George R. Chapdelaine and John P. Polcari, Jr. dated March 17, 1998 in favor of H.C.B. Corporation.	Filed Herewith
4.15	Guaranty of Lease of George R. Chapdelaine and John P. Polcari, Jr. dated March 17, 1998 in favor of H.C.B. Corporation.	Filed Herewith
4.16	Form of Option granted to Mr. Chapdelaine and Mr. Polcari in consideration of their guaranties of Boston Restaurant Associates, Inc. obligations under the H.C.B. Corporation leases.	Filed Herewith
10.02	Lease dated August 19, 1992 between Polcari's Inc. and the Yen H. Tow Realty Trust regarding a location in Saugus, Massachusetts	A-10(k)*
10.03	Lease dated August 1, 1993 between Polcari Enterprises, Inc. and the E.J.H. Realty Trust regarding Registrant's warehouse located in Somerville, Massachusetts	A-10(n)*
10.04	Lease dated October 14, 1986 between Polcari Enterprises, Inc., and Costa Fruit & Produce Co., Inc. regarding the Registrant's commissary located in Charlestown, Massachusetts	A-10(o)*
10.05	Lease dated June 30, 1995 between Berlin Properties Limited Partnership and Ocean, Inc. regarding a Pizzeria	G-10(p)*

Regina location in the Solomon Pond Mall, Berlin and Marlborough, Massachusetts

10.06	Lease dated May 10, 1994 between Bellwether Properties of Massachusetts, L.P. and Ocean, Inc. regarding a Pizzeria Regina in the Burlington Mall, Burlington, Massachusetts	G-10 (q) *
10.07	Employment Agreement between the Registrant and George R. Chapdelaine	A-10 (p) ***
10.08	Form of 1994 Non-employee Director Stock Option Plan	A-10 (q) ***

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<TABLE>		
<S>	<C>	<C>
10.09	Form of 1994 Combination Stock Option Plan	A-10 (r) ***
10.10	Form of Indemnification Agreement with each of the directors and certain officers of the Registrant	A-10 (bb) ***
10.11	Incentive Stock Option Plan	B- (10) h ***
10.12	Non-employee Director Stock Option Plan	C-10 (h) ***
10.13	Amendment to Employment Agreement between the Registrant and George R. Chapdelaine	A- (hh) ***
10.14	Lease dated July 24, 1996 between Faneuil Hall Marketplace, Inc. and Fantail Restaurant, Inc. regarding a Pizzeria Regina location in the Faneuil Hall Marketplace Area, Boston, Massachusetts	I-10.08*
10.15	Equipment Lease dated July 26, 1996 between HCB Corporation and Ocean, Inc. regarding certain equipment at a Pizzeria Regina location in the Solomon Pond Mall, Berlin and Marlborough, Massachusetts	I-10.11*
10.16	Lease dated June 30, 1995 between Berlin Properties Limited Partnership and Ocean, Inc. regarding a Pizzeria Regina Location in Solomon Pond Mall, Berlin and Marlborough, Massachusetts	J-10.01
10.17	Lease dated July 7, 1997 between One Federal Street Joint Venture and Pizzeria Regina of Virginia, Inc. regarding a Pizzeria Regina located in Regency Square Mall, Richmond, Virginia	K-10.01
10.18	Lease dated December 10, 1997 between Rouse-Orlando, Inc. and Pizzeria Regina of Florida, Inc. regarding a Pizzeria Regina location in the Oviedo Marketplace, Oviedo, Florida	L-10.01*

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<TABLE>		
<S>	<C>	<C>
10.19	International Development Agreement dated as of January 1, 1998 between Boston Restaurant Associates, Inc. and Regina International, Ltd.	M-10.01
10.20	Equipment Lease dated March 17, 1998 between H.C.B. Corporation and Pizzeria Regina of Virginia, Inc. regarding certain equipment located in the Regency Square Mall, Richmond Virginia	N-10.01
10.21	Equipment Lease dated March 17, 1998 between H.C.B. Corporation and Pizzeria Regina of Florida, Inc. regarding certain equipment located in the Oviedo Marketplace, Oviedo, Florida.	Filed Herewith
10.22	Equipment Lease dated March 17, 1998 between H.C.B.	Filed Herewith

Corporation and Ocean, Inc. regarding certain equipment at a Pizzeria Regina location in the Auburn Mall, Auburn, Massachusetts.

21	Subsidiaries of the Registrant	A-21*
23	Consent of BDO Seidman, LLP	Filed Herewith
27	Financial Schedule	Filed Herewith

</TABLE>

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<TABLE>

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<C>

\* In accordance with Rule 12b-32 under the Securities Exchange Act of 1934, as amended, reference is made to the documents previously filed with the Securities and Exchange Commission, which documents are hereby incorporated by reference

\*\* Management Contract or Compensatory Plan or Arrangement

A Incorporated by reference to the Company's Registration Statement on Form SB-2 (Registration No. 33-81068). The number set forth herein is the number of the Exhibit in said registration statement

B Incorporated by reference to the Company's registration statement on Form S-1 (File No. 33-31748). The number set forth herein is the number of the Exhibit in said registration statement

C Incorporated by reference to the Company's annual report on Form 10-K for the year ended April 30, 1991. The number set forth herein is the number of the Exhibit in said annual report

D Incorporated by reference to the Company's transition report on Form 10K for the seven months ended April 30, 1990. The number set forth herein is the number of the Exhibit in said transition report

E Incorporated by reference to the Company's annual report on Form 10-K for the year ended April 30, 1993. The number set forth herein is the number of the Exhibit in said annual report.

F Incorporated by reference to the Company's annual report on Form 10-K for the year ended April 30, 1994. The number set forth herein is the number of the Exhibit in said annual report.

G Incorporated by reference to the Company's annual report on Form 10-K for the year ended April 30, 1995. The number set forth herein is the number of the Exhibit in said annual report.

H Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended January 28, 1996. The number set forth herein is the number of the Exhibit in said quarterly report

I Incorporated by reference to the Company's annual report on Form 10-KSB for the year ended April 28, 1996. The number set forth herein is the number of the Exhibit in said annual report.

</TABLE>

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<TABLE>

<S>

<C>

J Incorporated by reference to the Company's annual report on Form 10-KSB for the year ended April 27, 1997. The number set forth herein is the number of the Exhibit in said annual report.

K Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended July 26, 1997. The number set forth herein is the number of the Exhibit in said quarterly report.

L Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended October 26, 1997. The number set forth herein is the number of the Exhibit in said quarterly report.

- M Incorporated by reference to the Company's S-2 Registration Statement dated February 26, 1998. The number set forth herein is the number of the Exhibit in said Registration Statement.
- N Incorporated by reference to the Company's quarterly report on Form 10-QSB for the period ended January 25, 1998. The number set forth herein is the number of the Exhibit in said quarterly report.
- O Incorporated by reference to the Company's annual report on Form 10-KSB for the year ended April 26, 1998. The number set forth herein is the number of the Exhibit in said annual report.

(a) REPORTS ON FORM 8-K

1. Boston Restaurant Associates, Inc. filed a report on Form 8-K dated February 26, 1998 reporting the filing of a S-2 Registration with respect to an offering of Rights to purchase Common Stock.
2. Boston Restaurant Associates, Inc. filed a report on Form 8-K dated March 25, 1998 reporting the closing and results of the S-2 Registration with respect to an offering of Rights to purchase Common Stock.
3. Boston Restaurant Associates, Inc. filed a report on Form 8-K dated 12 June 1998 reporting the net tangible worth of the Company as of April 26, 1998 for purposes of the Nasdaq SmallCap Market listing requirements.

</TABLE>

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Signatures  
-----

In accordance with section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BOSTON RESTAURANT ASSOCIATES, INC.

Date: 20 July, 1998

By: /s/ George R. Chapdelaine

-----  
George R. Chapdelaine, President

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURES -----	DATE ----
/s/ George R. Chapdelaine ----- George R. Chapdelaine, Chief Executive Officer, President and Director (principal executive officer)	20 July, 1998
/s/ Fran V. Ross ----- Fran V. Ross, Chief Financial Officer (principal financial and accounting officer)	20 July, 1998
/s/ Joseph J. Caruso ----- Joseph J. Caruso, Director	20 July, 1998
/s/ Roger Lipton ----- Roger Lipton, Director	20 July, 1998
/s/ John P. Polcari, Jr. ----- John P. Polcari, Jr., Director	20 July, 1998
/s/ Richard J. Reeves	20 July, 1998

-----  
Richard J. Reeves, Director

Lucille Salhany

20 July, 1998

-----  
Lucille Salhany, Director

/s/ Terrance A. Smith

20 July, 1998

-----  
Terrance A. Smith, Director

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<TABLE>

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Corporate Officers

Directors

<S>

<C>

George R. Chapdelaine  
President, Chief Executive Officer

George R. Chapdelaine  
President, Chief Executive Officer

Anthony V. Buccieri  
Vice President of Operations

Joseph J. Caruso(2)  
President  
Bantam Group, Inc.

Fran V. Ross  
Chief Financial Officer

Roger Lipton(1)  
Managing Director  
Axiom Capital Management, Inc.

Gordon R. Penman  
Secretary  
Member, Brown, Rudnick, Freed & Gesmer

John P. Polcari, Jr.  
One of the Founders of Pizzeria Regina, Inc.

Richard J. Reeves(1)(2)  
Engaged in restaurant development as a  
franchisee of various restaurants

General Counsel

-----  
Brown, Rudnick, Freed & Gesmer

Lucille Salhany  
President, Chief Executive Officer  
United Paramount Network

Independent Auditors

-----  
BDO Seidman, LLP

Transfer Agent and Registrar

Terrance A. Smith(1)  
President

-----  
American Stock Transfer & Trust Company

Chi-Chi's International Operations, Inc.  
Master franchisee of Chi-Chi's Mexican  
Restaurants outside of the United States and Canada

(1) Audit Committee  
(2) Compensation Committee Member

</TABLE>

Annual Meeting

The Annual Meeting of Boston Restaurant Associates, Inc. will be held at 10:00 a.m. on Monday, September 14, 1998 at the offices of Brown, Rudnick, Freed & Gesmer, One Financial Center, Boston, MA 02111.

Corporate Address

Boston Restaurant Associates, Inc. 999 Broadway, Suite 400, Saugus, Massachusetts 01906. Telephone: (781) 231-7575; Fax: (781) 231-5225.

Listing

Boston Restaurant Associates, Inc.'s stock is traded on the Nasdaq SmallCap Market under the symbol BRAI and on the Boston Stock Exchange under the symbol BNR.

General

This annual report and the financial statements that it contains are submitted for the general information of the stockholders of Boston Restaurant Associates,

Inc. and are not intended to introduce or to be used in connection with any sales or purchases of securities.

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Boston Restaurant  
Associates, Inc.  
and Subsidiaries

=====  
Consolidated Financial Statements  
Years Ended April 26, 1998 and April 27, 1997

Boston Restaurant Associates, Inc.  
and Subsidiaries

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Report of Independent Certified Public Accountants

To the Board of Directors and Stockholders of  
Boston Restaurant Associates, Inc.

We have audited the accompanying consolidated balance sheets of Boston Restaurant Associates, Inc. and subsidiaries as of April 26, 1998 and April 27, 1997, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Boston Restaurant

Associates, Inc. and subsidiaries at April 26, 1998 and April 27, 1997, and the results of their operations and their cash flows for the years then ended, in conformity with generally accepted accounting principles.

BDO Seidman, LLP

Boston, Massachusetts  
June 17, 1998

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Consolidated Balance Sheets

<TABLE> <CAPTION>	April 26, 1998	April 27, 1997
Assets (Note 4)		
<S>	<C>	<C>
Current:		
Cash and cash equivalents	\$ 1,788,361	\$ 726,054
Accounts receivable	46,958	69,729
Inventories (Note 1)	212,071	209,295
Prepaid expenses and other	49,152	27,532
-----		
Total current assets	2,096,542	1,032,610
-----		
Property and equipment (Note 8):		
Building	512,500	512,500
Leasehold improvements	2,977,315	2,591,941
Equipment, furniture and fixtures	1,974,473	1,799,061
-----		
	5,464,288	4,903,502
Less accumulated depreciation and amortization	2,119,015	2,247,174
-----		
Net property and equipment	3,345,273	2,656,328
-----		
Other assets (Note 2)	1,323,160	944,180
-----		
	\$ 6,764,975	\$ 4,633,118
=====		

See accompanying summary of accounting policies and notes to consolidated financial statements.

</TABLE>

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Consolidated Balance Sheets  
(Continued)

<TABLE>

<CAPTION>

April 26,  
1998

April 27,  
1997

Liabilities and Stockholders' Equity

<S>	<C>	<C>
Current liabilities:		
Accounts payable	\$ 314,124	\$ 382,294
Accrued expenses (Note 3)	490,525	628,277
Current maturities (Notes 4, 5 and 8):		
Long-term debt	200,000	200,000
Notes payable - stockholder	4,495	4,261
Obligations under capital leases	74,206	30,850
Total current liabilities	1,083,350	1,245,682
Long-term obligations:		
Long-term debt, less current maturities (Note 4)	425,000	625,000
Notes payable - stockholder, less current maturities (Note 5)	121,336	125,810
Obligations under capital leases, less current maturities (Note 8)	361,548	138,850
Deferred rent (Note 8)	85,662	67,024
Subordinated debentures (Note 6)	1,500,000	1,118,750
Total liabilities	3,576,896	3,321,116
Commitments and contingencies (Notes 4, 8 and 9)		
Stockholders' equity (Notes 4, 6, 9, 10 and 12):		
Common stock, \$.01 par value, 25,000,000 shares authorized; shares issued 7,021,970 and 5,015,693	70,220	50,157
Additional paid-in capital	10,846,333	9,043,199
Accumulated deficit	(7,728,474)	(7,781,354)
Total stockholders' equity	3,188,079	1,312,002
	\$ 6,764,975	\$ 4,633,118

See accompanying summary of accounting policies and notes to consolidated financial statements.

</TABLE>

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Consolidated Statements of Operations

<TABLE> <CAPTION>	April 26, 1998	April 27, 1997
Years ended		
<S>	<C>	<C>
Net sales	\$11,255,049	\$11,410,886
Costs and expenses:		
Cost of food, beverages and liquor	2,267,331	2,532,050
Other operating expenses	6,814,565	7,119,142
General and administrative	1,377,464	1,020,796
Depreciation and amortization	469,559	579,071



Total costs and expenses	10,928,919	11,251,059
Operating income	326,130	159,827
Interest expense, net of interest income of \$25,215 and \$4,983 in 1998 and 1997, respectively	279,645	151,941
Other income, net	(6,395)	(4,377)
Net income	\$ 52,880	\$ 12,263
Net income per share of common stock (Note 11):		
Basic	\$ 0.01	\$ 0.00
Diluted	\$ 0.01	\$ 0.00

See accompanying summary of accounting policies and notes to consolidated financial statements.

</TABLE>

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Consolidated Statements of  
Stockholders' Equity

Years ended April 26, 1998, and April 27, 1997	Common Stock \$.01 Par Value		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance, April 28, 1996	5,015,293	\$ 50,153	\$ 8,953,785	\$(7,793,617)	\$1,210,321
Exercise of stock options (Note 9)	400	4	384	-	388
Issuance of options and warrants in exchange for services (Note 10)	-	-	89,030	-	89,030
Net income for the year	-	-	-	12,263	12,263
Balance, April 27, 1997	5,015,693	50,157	9,043,199	(7,781,354)	1,312,002
Proceeds from sale of common stock, net of expenses of \$250,240 (Note 12)	2,006,277	20,063	1,735,974	-	1,756,037
Issuance of options and warrants in exchange for services (Note 10)	-	-	67,160	-	67,160
Net income for the year	-	-	-	52,880	52,880
Balance, April 26, 1998	7,021,970	\$ 70,220	\$ 10,846,333	\$(7,728,474)	\$3,188,079

See accompanying summary of accounting policies and notes to consolidated financial statements.

</TABLE>

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Consolidated Statements of Cash Flows  
(Note 10)

Years ended	April 26, 1998	April 27, 1997
<hr/>		
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 52,880	\$ 12,263
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	469,559	579,071
Options granted in exchange for services	37,704	20,300
Changes in operating assets and liabilities:		
Accounts receivable	22,771	(4,650)
Inventories	(2,776)	23,132
Prepaid expenses and other	(21,620)	39,077
Other assets	(113,787)	(142,570)
Accounts payable	(68,170)	(503,497)
Accrued expenses	(137,752)	(393,364)
Deferred rent	18,638	6,153
<hr/>		
Net cash provided by (used for) operating activities	257,447	(364,085)
<hr/>		
Cash flows from investing activities:		
Capital expenditures	(796,716)	(331,430)
Purchase of lease acquisition rights	(290,700)	-
Proceeds from sales of fixed assets	22,908	99,811
<hr/>		
Net cash used for investing activities	(1,064,508)	(231,619)
<hr/>		
Cash flows from financing activities:		
Net proceeds from sale of common stock	1,756,037	-
Proceeds from issuance of long-term debt	-	380,750
Repayments of long-term debt	(200,000)	(175,000)
Repayments of capital lease obligations	(36,711)	(20,300)
Repayments of stockholder loans	(4,240)	(4,039)
Repayments of subordinated debentures	-	(84,000)
Proceeds from issuance of subordinate debentures	381,250	1,118,750
Proceeds from exercise of stock options	-	388
Debt issuance costs	(26,968)	(54,355)
<hr/>		
Net cash provided by financing activities	1,869,368	1,162,194
<hr/>		
Net increase in cash and cash equivalents	1,062,307	566,490
Cash and cash equivalents, beginning of year	726,054	159,564
<hr/>		
Cash and cash equivalents, end of year	\$ 1,788,361	\$ 726,054
<hr/>		

See accompanying summary of accounting policies and notes to consolidated  
financial statements.

</TABLE>

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Summary of Accounting Policies

=====	
<TABLE>	
<S>	<C>
Nature of Business And Basis of Presentation	The Company is engaged in the restaurant business. As of April 26, 1998, the Company operated nine pizza and one casual Italian dining restaurants. As of April 27, 1997, the Company operated nine pizza and two casual Italian dining restaurants, including one held for sale. A Company restaurant location has been closed since June 1995 and was sold in April 1997. In May 1997, the lease for a pizza restaurant location expired and was not renewed.
	The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated.
Fiscal Year	The Company's fiscal year ends on the last Sunday in April. Fiscal years 1998 and 1997 both included 52 weeks.
Use of Estimates	The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
Cash Equivalents	For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents were approximately \$1,646,000 and \$656,000 at April 26, 1998 and April 27, 1997, respectively.
Inventories	Inventories are valued at the lower of cost (first-in, first-out) or market.
</TABLE>	

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Summary of Accounting Policies

=====	
<TABLE>	
<S>	<C>
Property and Equipment	Property and equipment are stated at cost. Depreciation is computed using accelerated and straight-line methods over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful lives of the improvements or the length of the lease, including anticipated renewal periods, whichever is shorter.
Other Assets	
Goodwill	Goodwill resulting from the excess of cost over fair value of net assets acquired is being amortized on a straight-line basis over 20 years.
Deferred Financing Costs	Costs incurred in connection with obtaining financing are amortized over the terms of the related debt.
Lease Acquisition Rights	Costs incurred in connection with the purchase of a lease are being amortized over the term of the lease.
Revenue Recognition	Substantially all revenues are recognized at the point of sale and represent retail sales to the general public through Company-owned restaurants.

Advertising Costs	Advertising costs are expensed when incurred. Advertising expense was approximately \$118,000 in 1998 and \$107,000 in 1997.
Pre-Opening Costs	All nonrecurring costs, such as recruiting, training and other initial direct administrative expenses associated with the opening of new restaurant locations are expensed as incurred.

</TABLE>

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Summary of Accounting Policies

=====

<TABLE> <S> Taxes on Income	<C> The Company accounts for income taxes under the asset and liability method pursuant to Statement of Financial Accounting Standards No. 109 ("SFAS No. 109"), "Accounting for Income Taxes." Under SFAS No. 109, deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.
Stock Options	Effective April 29, 1996, the Company adopted the provisions of Statement of Accounting Standards No. 123, Accounting for Stock-Based Compensation. The Company has elected to continue to account for stock options at their intrinsic value with disclosure of the effects of fair value accounting on net earnings and earnings per share on a pro forma basis.
Net Income Per Share of Common Stock	In fiscal 1998, the Company adopted Statement of Financial Accounting Standards No. 128, ("SFAS No. 128") Earnings Per Share. SFAS No. 128 requires the presentation of both basic and diluted earnings per share and replaces previously required standards for computing and presenting earnings per share. Earnings per share amounts for all periods have been presented and, where appropriate, restated to conform to the new requirements of SFAS No. 128.
Long-Lived Assets	The Company evaluates long-lived assets under the provisions of Statement of Financial Accounting Standards No. 121 ("SFAS No. 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of". SFAS No. 121 establishes accounting standards for the impairment of long-lived assets and certain identifiable intangibles to be held and used and for long-lived assets and certain identifiable intangibles to be disposed of.

</TABLE>

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Summary of Accounting Policies

=====

<TABLE>  
 <S>  
 Long-Lived Assets  
 (Continued)

<C>  
 The Company reviews the carrying values of its long-lived and identifiable intangible assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

New Accounting Standards

In June 1997, the Financial Accounting Standards Board issued two new disclosure standards.

Statement of Financial Accounting Standards No. 130 ("SFAS No. 130"), "Reporting Comprehensive Income", establishes standards for reporting and display of comprehensive income, its components, and accumulated balances. Comprehensive income is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. Among other disclosures, SFAS No. 130 requires that all items that are required to be recognized under current accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements.

SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information", which supersedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise", establishes standards for the way that public enterprises report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. It also establishes standards for disclosures regarding products and services, geographic areas, and major customers. SFAS No. 131 defines operating segments as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

Both of these new standards are effective for financial statements for periods beginning after December 15, 1997 and require comparative information for earlier years to be restated. Management does not expect implementation of these standards to materially affect future financial statements and disclosures.

</TABLE>

Boston Restaurant Associates, Inc.  
 and Subsidiaries

Notes to Consolidated Financial Statements

1. Inventories Inventories consist of the following:

<TABLE>  
 <CAPTION>

	April 26, 1998	April 27, 1997
<S>	<C>	<C>
Food, beverages and liquor	\$102,943	\$110,732
Paper goods and supplies	109,128	98,563
Total	\$212,071	\$209,295

</TABLE>

## 2. Other Assets

Other assets consist of the following:

<TABLE>  
<CAPTION>

	April 26, 1998	April 27, 1997
<S>	<C>	<C>
Goodwill	\$ 765,133	\$ 765,133
Lease acquisition rights	290,700	-
Deferred financing costs	268,524	212,100
Deposits and other	213,646	99,859
Favorable lease	-	41,590
	1,538,003	1,118,682
Less accumulated amortization	214,843	174,502
Other assets, net	\$1,323,160	\$ 944,180

&lt;/TABLE&gt;

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Boston Restaurant Associates, Inc.  
and Subsidiaries

## Notes to Consolidated Financial Statements

## 3. Accrued Expenses

Accrued expenses consist of the following:

<TABLE>  
<CAPTION>

	April 26, 1998	April 27, 1997
<S>	<C>	<C>
Compensation	\$160,315	\$230,117
Interest	127,412	35,315
Taxes other than income taxes	71,073	88,786
Professional fees	64,000	50,000
Gift certificates	36,465	37,365
Accrued rent	22,209	89,455
Reserves for store closures	-	46,325
Insurance	-	10,873
Other	9,051	40,041
Total	\$490,525	\$628,277

&lt;/TABLE&gt;

## 4. Long-Term Debt

Long-term debt consists of the following:

<TABLE>  
<CAPTION>

	April 26, 1998	April 27, 1997
<S>	<C>	<C>
Note payable to a bank, interest at prime plus 2% (10.5% at April 26, 1998), payable in monthly installments of \$8,333 plus interest, due April, 2001.	\$300,000	\$400,000

Note payable to a bank, interest at 12.0%, payable in monthly installments of \$8,333 plus interest, due July, 2001.	325,000	425,000
-----		
Total	625,000	825,000
Less current maturities	200,000	200,000
-----		
Long-term debt	\$425,000	\$625,000
=====		

</TABLE>

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

4. Long-Term Debt  
(Continued)

The notes payable to a bank are collateralized by substantially all of the Company's assets, excluding real estate, and are personally guaranteed by both the Company's President and Treasurer.

In consideration for their guarantees of the notes payable, the Company issued options to purchase an aggregate of 115,500 shares of the Company's common stock in fiscal 1997 to the Company's President and Treasurer. The Company also issued warrants to purchase a total of 50,000 shares of the Company's common stock to the bank in connection with the issuance of the notes payable (see Note 9). The value of these options and warrants was not material as of their issuance dates. A member of the Company's Board of Directors also serves as a member of the bank's Board of Directors.

Maturities of the long-term debt are as follows:

<TABLE>  
<CAPTION>

Fiscal year ending	Amount
=====	
<S>	<C>
1999	\$200,000
2000	200,000
2001	200,000
2002	25,000
-----	
Total	\$625,000
=====	

</TABLE>

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

5. Notes Payable -  
Stockholder

Notes payable - stockholder consists of two notes, with interest at 7.18% and 8%, payable in aggregate monthly installments of principal and interest of \$810, maturing January, 2017.

<TABLE>  
<CAPTION>

Fiscal year ending	Amount
<S>	<C>
1999	\$ 4,495
2000	4,738
2001	4,996
2002	5,274
2003	5,567
Thereafter	100,761
Total	125,831
Less current maturities	4,495
Long-term portion	\$121,336

</TABLE>

6. Subordinated  
Debentures

Subordinated debentures outstanding at April 26, 1998 and April 27, 1997 consist of convertible debentures bearing interest at variable rates of 8% through December 31, 1997, 10% through December 31, 1998, 12% through December 31, 1999 and 14% through December 31, 2011, payable semi-annually and convertible into the Company's common stock at a conversion rate of \$1.25 per share. The Company has recorded interest costs related to these debentures at a straight-lined rate of 13.2%. The convertible debentures are convertible at the option of the holder, at any time, and automatically convert into shares of common stock at the conversion rate if the average bid price of the Company's common stock for any sixty consecutive trading days has been equal to or greater than \$3.00. The debentures are due December 31, 2011. The Company issued \$381,250 of subordinated debentures during the year ended April 26, 1998.

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

7. Taxes on Income

At April 26, 1998, the Company has the following net operating loss carryforwards, subject to review by the Internal Revenue Service, available to offset future taxable income for Federal income tax purposes as indicated:

<TABLE>  
<CAPTION>

	Amount	Expiration Dates
<S>	<C>	<C>
Net operating losses purchased in a 1994 acquisition, whose use is limited.	\$2,908,000	2004-2009
Net operating losses incurred before and after acquisition and available for immediate offset against taxable income.	\$5,122,000	1998-2013

</TABLE>

Deferred tax assets are comprised of the following:

<TABLE>  
<CAPTION>

April 26, April 27,



Years ended	1998	1997
<S>	<C>	<C>
Deferred tax assets:		
Net operating loss carryforwards	\$ 3,212,000	\$ 2,960,000
Depreciation	452,000	333,000
Losses on store closures and write-downs not yet deductible for tax purposes	-	163,000
Valuation allowance	(3,664,000)	(3,456,000)
Net deferred tax assets	\$ -	\$ -

</TABLE>

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

7. Taxes on Income (Continued) A reconciliation of the statutory federal income tax rate (benefit) and the effective tax rate as a percentage of income (loss) before taxes on income is as follows:

<TABLE>  
<CAPTION>

Years ended	April 26, 1998	April 27, 1997
<S>	<C>	<C>
Statutory rate (benefit)	34.0%	34.0%
Operating income offset by current tax loss generating no current or deferred tax effect.	(34.0)	(34.0)
Effective tax rate	-%	-%

</TABLE>

8. Commitments and Contingencies

Leases

The Company is obligated under noncancellable operating leases for its leased restaurant locations, office, commissary and warehouse space. Lease terms range from five to twenty years and in certain instances provide options to extend the original term. Generally, the Company is required to pay its proportionate share of real estate taxes, insurance, common area and other operating costs in addition to annual base rent. Substantially all restaurant leases provide for contingent rentals based on sales in excess of specified amounts. The Company also leases equipment under capital leases.

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

8. Commitments and Contingencies  
(Continued)

Leases  
(Continued)

The following is an analysis of leased property under capital leases, included in property and equipment:

<TABLE>  
<CAPTION>

Years ended	April 26, 1998	April 27, 1997
Equipment	\$492,765	\$190,000
Less: accumulated amortization	65,868	19,724
Net leased property under capital leases	\$426,897	\$170,276

</TABLE>

Aggregate minimum rental requirements under capital leases and operating leases as of April 26, 1998, are approximately as follows:

<TABLE>  
<CAPTION>

Fiscal year ending	Capital Leases	Operating Leases
1999	\$127,886	\$ 1,763,000
2000	127,886	1,702,000
2001	127,886	1,596,000
2002	106,205	1,572,000
2003	87,167	1,487,000
Thereafter	-	5,578,000
Total minimum lease payments	577,030	\$13,698,000
Amount representing interest	141,276	
Present value of net minimum lease payments	435,754	
Less current maturities	74,206	
Long-term portion	\$361,548	

</TABLE>

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

8. Commitments and Contingencies  
(Continued)

Leases  
(Continued)

Deferred rent liabilities of \$85,662 and \$67,024 as of April 26, 1998 and April 27, 1997, respectively, were recorded in order to recognize lease escalation provisions on a straight-line basis for certain operating leases.

Rent expense under all operating leases was approximately

\$1,499,000 and \$1,481,000 which included contingent rentals of approximately \$17,400 and \$13,500 in 1998 and 1997, respectively.

Lease Guarantees In connection with the sale of a restaurant to a non-affiliated third-party, the Company is a guarantor of the lease payments under the lease assumed by the buyer expiring in fiscal 2001. At April 26, 1998, the Company is contingently liable for approximately \$510,000 under the guaranty. The Company is of the opinion that the buyer of the location will be able to perform under the terms of the lease and that no payments will be required or losses will be incurred by the Company under the guaranty.

Employment Agreement and Guaranty The Company has an employment agreement with its President, which expires April 29, 1999. In addition to a base salary, adjusted annually for cost-of-living changes and an annual bonus, the agreement provides for a performance bonus, as defined. The commitment for future compensation, excluding the performance bonus, amounts to \$200,000 per year. The employment agreement further provides that upon the termination of the President, for defined reasons, the President will agree not to compete with the Company for a three year period and the Company will continue to pay the President's then current base salary and annual bonus for three years effective at the date of such termination.

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

=====  
8. Commitments and Contingencies  
(Continued)

Litigation The Company is involved in various legal matters in the ordinary course of its business. Each of these matters is subject to various uncertainties, and some of these matters may be resolved unfavorably to the Company. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial position of the Company.

Franchising In December 1997, the Company formed Boston Restaurant Associates International, Inc. ("BRAII"), a wholly owned subsidiary, for the purpose of offering Pizzeria Regina franchise opportunities both domestically and internationally. BRAII has filed a Uniform Franchise Offering Circular in Connecticut, Florida, Georgia, Kentucky, New Hampshire, Pennsylvania and Texas and is actively seeking franchisees with operational experience.

In addition, in January 1998, the Company entered into an International Development Agreement ("Development Agreement") with Regina International, Ltd ("Regina International"), a corporation controlled by a Company director, to pursue and develop franchise territories outside the Americas, anticipated to be principally in Europe, the Far East and the Pacific Rim.

The Development Agreement, which is for an initial term of five and a half years, requires the Company to pay a monthly development fee of \$7,000 beginning the month after the first territory fee has been received and continuing for sixty months, provided the Development Agreement has not been earlier terminated. The Development Agreement provides that either party may re-negotiate the agreement pursuant to a written notice prior to the end of the initial term. If the parties are unable to

re-negotiate this agreement on mutually satisfactory terms, the Company and Regina International have the right to cause the Company to pay Regina International a one-time buy-out fee equal to the aggregate gross

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

8. Commitments and  
Contingencies  
(Continued)

Franchising  
(Continued)

revenues of BRAII for the 5 years immediately preceding the buy-out or such shorter period, if 5 years have not elapsed less certain international expenses, as defined.

The Company is also required to pay Regina International during the term of the agreement a royalty equal to 40% of the gross revenues of BRAII less international expenses. The royalty payment is subject to reduction, if certain levels of international expenses in relation to revenues are not achieved by BRAII. At April 26, 1998, no territories have been established and no development fees or royalties have been earned.

9. Stock Options  
and Warrants

At April 26, 1998, outstanding options consist of the following:

In July 1994, the Company's stockholders approved the 1994 Combination Stock Option Plan (the "1994 Combination Plan") and the 1994 Non-Employee Director Stock Option Plan (the "1994 Director Plan").

The 1994 Combination Plan provides for the granting of incentive stock options intended to qualify under the requirements of the Internal Revenue Code and options not qualified as incentive stock options. Incentive stock options may only be granted to employees of the Company. Non-employees contributing to the success of the Company are eligible to receive non-qualified stock options. The 1994 Combination Plan is to be administered by a Committee designated by the Board of Directors. Options under the 1994 Combination Plan may not be granted after July 2004 and the exercise price shall be at least equal to the fair market value of the common stock at the grant date.

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

9. Stock Options  
and Warrants  
(Continued)

Incentive stock options may be granted to holders of more than 10% of the Company's common stock at an exercise price of at least 110% of the fair market value of the Company's common stock at the grant date. The terms of the options granted are to be determined by the Committee, but in no event shall the term of any incentive stock option extend beyond three months after the time a participant ceases to be an employee of the Company. No options may be exercised more than five years after the date of the grant for 10% stockholders, or ten years after the date of grant for all other participants. A total of 500,000 shares of

common stock have been reserved for issuance under the 1994 Combination Plan.

The 1994 Director Plan, as amended, provides for the granting to each eligible non-employee director of the Company options to purchase shares of the Company's common stock. Options granted under the 1994 Director Plan become exercisable over a five year period at an exercise price equal to the fair market value of the Company's common stock at the grant date and expire ten years from the grant date. A total of 500,000 shares have been reserved for issuance under the 1994 Director Plan.

During fiscal 1998, the Company issued options to the Company's President and Treasurer to purchase an aggregate of 108,346 shares of the Company's common stock in connection with their guarantees of certain equipment leases. The options are exercisable at \$1.27 per share and expire March 17, 2003.

During fiscal 1997, the Company issued options to the Company's President and Treasurer to purchase an aggregate of 115,500 shares of the Company's common stock in connection with guarantees of certain notes payable (see Note 4) and a new lease facility. Options for an aggregate of 75,600 shares are exercisable at \$0.94 per share and expire July 26, 2001. The remaining options for an aggregate of 39,900 shares are exercisable at \$1.00 per share and expire October 18, 2001.

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

9. Stock Options and Warrants  
(Continued)

Changes in options outstanding under the 1994 Plans, options issued in connection with the guarantee of certain debt by the Company's President and Treasurer and prior plans, which have expired, are summarized as follows:

<TABLE>  
<CAPTION>

	Shares	Weighted-Average Exercise Price
<S>	<C>	<C>
Balance, April 28, 1996	426,980	\$1.00
Granted	328,500	1.04
Exercised	(400)	0.96
Cancelled or expired	(1,480)	7.00
-----		
Balance, April 27, 1997	753,600	1.01
Granted	237,846	1.34
Exercised	-	-
Cancelled or expired	(3,500)	4.38
-----		
Balance, April 26, 1998	987,946	\$1.08

</TABLE>

As of April 26, 1998, options for 660,800 shares were exercisable at prices ranging from \$0.88 to \$2.38. As of April 27, 1997, options for 544,200 shares were exercisable at prices ranging from \$0.88 to \$4.38.

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

9. Stock Options  
and Warrants  
(Continued)

The following table summarizes information about stock options outstanding at April 26, 1998:

<TABLE>  
<CAPTION>

Options Outstanding			
Range of Exercise Prices	Number Outstanding at April 26, 1998	Weighted- Average Remaining Contractual Life (years)	Weighted- Average Exercise Price
<S>	<C>	<C>	<C>
\$ 2.38	5,000	2.3	\$2.38
1.88	42,000	8.0	1.88
1.24 - 1.56	148,346	5.8	1.28
0.88 - 1.17	792,600	4.0	0.98
\$0.88 - 2.38	987,946	4.5	\$1.08

</TABLE>

<TABLE>  
<CAPTION>

Options Exercisable		
Range of Exercise Prices	Number Exercisable at April 26, 1998	Weighted- Average Exercise Price
<S>	<C>	<C>
\$ 2.38	3,000	\$2.38
1.88	32,400	1.88
1.24 - 1.56	6,000	1.56
0.88 - 1.17	619,400	0.96
\$0.88 - 2.38	660,800	\$1.01

</TABLE>

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

9. Stock Options  
and Warrants  
(Continued)

At April 26, 1998, warrants and units outstanding, all of which are exercisable, consist of the following:

- (a) Warrant for the purchase of 210,000 shares of common stock, at an exercise price of \$2.00 per share expiring April 29, 1999.
- (b) Warrants to purchase 1,708,000 shares of common stock at a purchase price of \$3.20 per share from March 8, 1997 through September 7, 1999, issued in connection with the Company's September 7, 1994 public offering.

- (c) Warrants to purchase 75,000 units (375,000 shares) at a purchase price of \$3.20 per share, expiring September 7, 1999, issued in connection with the Company's September 7, 1994 public offering.
- (d) Warrants to purchase 25,000 shares of common stock at a purchase price of \$2.00 per share through June 28, 1998 or at a purchase price of \$2.80 per share from June 29, 1998 through December 28, 2000 and warrants to purchase 25,000 shares of common stock at a purchase price of \$2.00 per share through October 19, 1998 or at a purchase price of \$2.80 per share from October 20, 1998 through April 19, 2001, issued to the bank in connection with the issuance of the notes payable (see Note 4).
- (e) Warrants to purchase 350,000 and 150,000 shares of common stock at an exercise price of \$3 per share, expiring December 31, 2006 and January 25, 2008, respectively, issued in consideration for brokerage services connected with the issuance of the convertible subordinated debentures (see Notes 6 and 10).

The convertible subordinated debentures with an outstanding balance of \$1,500,000 as of April 26, 1998 are convertible into common shares at a conversion price of \$1.25 per share. Accordingly, 1,200,000 shares have been reserved for conversion of the subordinated debentures.

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

9. Stock Options  
and Warrants  
(Continued)

There were 5,623,846 shares reserved with respect to the above options, warrants and convertible debentures at April 26, 1998.

During fiscal 1998 and 1997, the following units, warrants and options expired:

- (a) Options to purchase 3,500 shares of common stock at \$4.38 per share
- (b) Options to purchase 1,480 shares of common stock at \$7.00 per share.

At April 26, 1998, the Company has two stock-based compensation plans, which are described above. The Company accounts for its stock-based compensation plans using the intrinsic value method. Accordingly, no compensation cost has been recognized for its stock option plans. Had compensation cost for the Company's two stock option plans and options issued in connection with the guarantee of certain debt been determined based on the fair value at the grant dates for awards under those plans consistent with the method of FASB Statement 123, Accounting for Stock-Based Compensation, the Company's net income (loss) and earnings (loss) per share would have been adjusted to the pro forma amounts indicated below:

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

<TABLE>  
 <CAPTION>  
 9. Stock Options  
 and Warrants  
 (Continued)

Years ended		April 26, 1998	April 27, 1997
<S>	<C>	<C>	<C>
Net income (loss)	As reported	\$ 52,880	\$ 12,263
	Pro forma	\$ (20,182)	\$ (55,769)
Basic income (loss) per share	As reported	0.01	0.00
	Pro forma	(0.00)	(0.01)
Diluted income (loss) per share	As reported	0.01	0.00
	Pro forma	(0.00)	(0.01)

</TABLE>

In determining the pro forma amounts above, the Company estimated the fair value of each option granted using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 1998 and 1997, respectively: dividend yield of 0% for both years, expected volatility of 46% and 35% for 1998 and 1997, respectively, risk free rates ranging from 5.1% to 6.6% for 1998, and 6.3% to 6.6% for 1997, and expected lives ranging from 5 to 10 years for both 1998 and 1997. The weighted average per share fair value of options granted in fiscal 1998 and 1997 was \$0.58 and \$0.35, respectively.

<TABLE>  
 <CAPTION>  
 10. Supplemental  
 Cash Flow  
 Information

Cash paid for interest and income taxes are as follows:

Years ended	April 26, 1998	April 27, 1997
<S>	<C>	<C>
Interest	\$212,763	\$127,185
Income taxes	\$ -	\$ -

</TABLE>

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Boston Restaurant Associates, Inc.  
 and Subsidiaries

Notes to Consolidated Financial Statements

10. Supplemental  
 Cash Flow  
 Information  
 (Continued)

Supplemental schedule of noncash operating and financing activities are as follows:

Years ended	April 26, 1998	April 27, 1997
<S>	<C>	<C>
Stock options and warrants issued in exchange for services	\$ 29,456	\$ 68,730
Capital leases entered into during the year	\$302,765	\$190,000

</TABLE>

11. Net Income  
 Per Share of  
 Common Stock

The Company follows Statement of Financial Accounting Standards No. 128 ("SFAS No. 128"), Earnings per Share, issued by the Financial Accounting Standards Board.



The following is a reconciliation of the denominator (number of shares used in the computation of earnings per share). The numerator (net income) is the same for the basic and diluted computations.

<TABLE>  
<CAPTION>

Years ended	April 26, 1998	April 27, 1997
<S>	<C>	<C>
Basic shares	5,175,096	5,015,306
Effect of dilutive securities:		
Options	278,059	68,067
Diluted shares	5,453,155	5,083,373

</TABLE>

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Boston Restaurant Associates, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements

11. Net Income Per Share of Common Stock (Continued) The following table summarizes securities that were outstanding as of April 26, 1998 and April 27, 1997, but not included in the calculations of net income per share because such securities are antidilutive:

<TABLE>  
<CAPTION>

Years ended	April 26, 1998	April 27, 1997
<S>	<C>	<C>
Options	57,000	108,500
Warrants	2,843,000	2,693,000
Convertible debentures	1,200,000	895,000

</TABLE>

12. Rights Offering During fiscal 1998, the Company completed a rights offering registration under the Securities Act of 1933. Pursuant to the offering, 2,006,277 shares of common stock were issued and sold by the Company at a price of \$1.00 per share. The Company received net proceeds after expenses of approximately \$1,756,000.

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GUARANTY OF LEASE

For value received, the fact and sufficiency of which are hereby acknowledged, and in consideration of the leasing of, and as an inducement to H.C.B. CORPORATION (hereinafter referred to as the "Lessor"), to enter into an Equipment Lease with PIZZERIA REGINA OF VIRGINIA, INC. (the "Lessee") of even date (the "Lease"), the undersigned jointly and severally (the "Guarantor") guarantees unto Lessor, and its successors and assigns, the punctual payment by Lessee of all rents and other payments as and when due and payable under the Lease and any extension or renewal thereof, and the full, faithful and punctual performance by Lessee of all the covenants, agreements and provisions contained in the Lease on the part of Lessee to be done, performed and observed during the term of the Lease and any extension or renewal thereof.

No consent by Lessor to any assignment of the Lease or any subletting by Lessee under the Lease, and no acceptance by Lessor of any one or more checks, notes, bills, other commercial paper or other property on account or in payment of, or as security for, any lease payment or other payment to be paid by Lessee in connection with any settlement or compromise made by Lessor with Lessee with respect to any such payment, and no other allowance or indulgence granted or permitted by Lessor shall in any way affect the liabilities of any Guarantor hereunder, nor in any way release the Guarantor from any obligations under the terms of this Guaranty.

Guarantor hereby waives demand, notice of default or of non-payment, every other notice and all suretyship defenses, and agrees to pay to Lessor any and all costs and expenses, including court costs and reasonable attorney's fees, incurred by Lessor in the enforcement of this Guaranty.

It is specifically understood by Guarantor that, insofar as the context herein so requires or admits, the term "Lessor" shall include Lessor's successors and assigns, and the term "Lessee" shall include Lessee's successors and assigns.

Executed as a sealed instrument this 17th day of March, 1998.

WITNESS:

BOSTON RESTAURANT ASSOCIATES, INC.

By \_\_\_\_\_  
George R. Chapdelaine,  
President and Treasurer

\_\_\_\_\_  
GEORGE R. CHAPDELAINE,

Individually

---

JOHN P. POLCARI, Individually

GUARANTY OF LEASE

For value received, the fact and sufficiency of which are hereby acknowledged, and in consideration of the leasing of, and as an inducement to H.C.B. CORPORATION (hereinafter referred to as the "Lessor"), to enter into an Equipment Lease with PIZZERIA REGINA OF FLORIDA, INC. (the "Lessee") of even date (the "Lease"), the undersigned jointly and severally (the "Guarantor") guarantees unto Lessor, and its successors and assigns, the punctual payment by Lessee of all rents and other payments as and when due and payable under the Lease and any extension or renewal thereof, and the full, faithful and punctual performance by Lessee of all the covenants, agreements and provisions contained in the Lease on the part of Lessee to be done, performed and observed during the term of the Lease and any extension or renewal thereof.

No consent by Lessor to any assignment of the Lease or any subletting by Lessee under the Lease, and no acceptance by Lessor of any one or more checks, notes, bills, other commercial paper or other property on account or in payment of, or as security for, any lease payment or other payment to be paid by Lessee in connection with any settlement or compromise made by Lessor with Lessee with respect to any such payment, and no other allowance or indulgence granted or permitted by Lessor shall in any way affect the liabilities of any Guarantor hereunder, nor in any way release the Guarantor from any obligations under the terms of this Guaranty.

Guarantor hereby waives demand, notice of default or of non-payment, every other notice and all suretyship defenses, and agrees to pay to Lessor any and all costs and expenses, including court costs and reasonable attorney's fees, incurred by Lessor in the enforcement of this Guaranty.

It is specifically understood by Guarantor that, insofar as the context herein so requires or admits, the term "Lessor" shall include Lessor's successors and assigns, and the term "Lessee" shall include Lessee's successors and assigns.

Executed as a sealed instrument this 17th day of March, 1998.

WITNESS:

BOSTON RESTAURANT ASSOCIATES, INC.

By \_\_\_\_\_  
George R. Chapdelaine,  
President and Treasurer

\_\_\_\_\_  
GEORGE R. CHAPDELAINE,  
Individually



GUARANTY OF LEASE

For value received, the fact and sufficiency of which are hereby acknowledged, and in consideration of the leasing of, and as an inducement to H.C.B. CORPORATION (hereinafter referred to as the "Lessor"), to enter into an Equipment Lease with OCEAN, INC. (the "Lessee") of even date (the "Lease"), the undersigned jointly and severally (the "Guarantor") guarantees unto Lessor, and its successors and assigns, the punctual payment by Lessee of all rents and other payments as and when due and payable under the Lease and any extension or renewal thereof, and the full, faithful and punctual performance by Lessee of all the covenants, agreements and provisions contained in the Lease on the part of Lessee to be done, performed and observed during the term of the Lease and any extension or renewal thereof.

No consent by Lessor to any assignment of the Lease or any subletting by Lessee under the Lease, and no acceptance by Lessor of any one or more checks, notes, bills, other commercial paper or other property on account or in payment of, or as security for, any lease payment or other payment to be paid by Lessee in connection with any settlement or compromise made by Lessor with Lessee with respect to any such payment, and no other allowance or indulgence granted or permitted by Lessor shall in any way affect the liabilities of any Guarantor hereunder, nor in any way release the Guarantor from any obligations under the terms of this Guaranty.

Guarantor hereby waives demand, notice of default or of non-payment, every other notice and all suretyship defenses, and agrees to pay to Lessor any and all costs and expenses, including court costs and reasonable attorney's fees, incurred by Lessor in the enforcement of this Guaranty.

It is specifically understood by Guarantor that, insofar as the context herein so requires or admits, the term "Lessor" shall include Lessor's successors and assigns, and the term "Lessee" shall include Lessee's successors and assigns.

Executed as a sealed instrument this 17th day of March, 1998.

WITNESS:

BOSTON RESTAURANT ASSOCIATES, INC.

By \_\_\_\_\_

George R. Chapdelaine,  
President and Treasurer

\_\_\_\_\_  
GEORGE R. CHAPDELAINE,  
Individually



NEITHER THIS OPTION NOR THE SHARES OF STOCK ISSUABLE UPON EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO SALE, TRANSFER OR OTHER DISPOSITION OF THIS OPTION OR SAID SHARES MAY BE EFFECTED WITHOUT (i) AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO, OR (ii) AN OPINION OF COUNSEL, REASONABLE SATISFACTION TO COUNSEL TO THE COMPANY, THAT AN EXEMPTION FROM REGISTRATION UNDER SAID ACT IS AVAILABLE.

STOCK OPTION

To Subscribe for and Purchase Common Stock of  
BOSTON RESTAURANT ASSOCIATES, INC.

THIS CERTIFIES that, for value received, \_\_\_\_\_ (together with any subsequent transferees of all or any portion of this Option, the "Holder"), is entitled upon the terms and subject to the conditions hereinafter set forth, to subscribe for and purchase from Boston Restaurant Associates, Inc., a Delaware corporation (hereinafter set forth in Section 1.A fully paid and nonassessable shares of the Company's common stock, \$.01 par value per share, subject to adjustment as set forth in Section 6 (the "Shares"),

1.A	Option No.	_____
	No. of Shares	_____
	Exercise Price	_____
	Date Issued	_____
	Date Expires	_____
	Vesting	_____

1. Definitions. As used herein the following term shall have the following meaning:

"Act" means the Securities Act of 1933 as amended, or a similar Federal Statue and the rules and regulations of the Commission issued under that Act, as they each may, from time to time, be in effect.

"Commission" means the Securities and Exchange Commission, or any other Federal agency at the time administering the securities laws of the United States.



"Registration Statement" means a registration statement (other than a registration statement on Form S-8 solely with respect to employee benefit plans, or on Form S-4 solely with respect to Rule 145 transactions, or any successor form or forms used for the purposes specified by such forms) filed by the Company with the Commission under the Act for a public offering and sale of securities of the Company.

"Shares" means the share of the Company's Common Stock issued or issuable to the Holder upon the exercise of this option (or such other number as adjusted pursuant to Section 6 hereof) and any other shares of Common Stock of the Company issued with respect to such shares (because of stock splits, stock dividends, reclassifications, recapitalizations, mergers, consolidations, or similar events); provided, however, that any shares previously sold by the Holder to the public pursuant to a registered public offering or Rule 144 under the Act shall cease to be within the definition of "Shares" as used herein.

"Market Price" Means the absolute average of the high and low trade on the date of evaluation.

2. Purchase Rights. The purchase rights represented by this option are exercisable by the Holder in whole or in part, at any time and from time to time commencing on the date hereof and ending at 5:00 p.m. on the fifth anniversary of the date hereof at a specified exercise price per share.

3. Exercise of Option. (a) Subject to Section 2 above, the purchase rights represented by Option may be exercised, in whole or in part and from time to time, by the surrender of this Option and the duly executed Notice of Exercise (the form of which is attached as Exhibit A) at the principal office of the Company, by check, of an amount equal to the then applicable Option Exercise Price per share multiplied by the number of Shares then being purchased. Upon exercise, the Holder shall be entitled to receive, as promptly as possible, a certificate or certificates, issued in the holder's name or in such name or names as the Holder may direct, for the number of Shares so purchased. The Shares so purchased shall be deemed to be issued as of the close of business on the date on which this Option shall have been exercised.

(b) Net Issue Election. The Holder may elect to receive, without the payment by the Holder of any additional consideration, Shares equal to the value of this Option or any portion hereof the surrender of this Option or such portion to the Company, with the net issued election notice annexed hereto duly executed, at the office of the Company. Thereupon, the Company shall issue to the Holder such number of fully paid and nonassessable Shares as is computed using the following formula:

$$X=Y(A-B)$$

-----

- Where X= the number of Shares issued to the Holder pursuant to this Section 3(b)
- Y= the number of Shares covered by this Option in respect of which the net issue election is made pursuant to this Section 3(b)
- A= the fair market value of one share of Common Stock, as determined in good faith by the Board of Directors of the Company, as at the time the net issue election is made pursuant to this Section 3(b)
- B= the exercise price in effect under this Option at the time the net issue election is made Pursuant to this Section 3 (b).

The Board of Directors of the Company shall promptly respond in writing to an inquiry by the Holder as to the fair market value of one share of Common Stock.

4. Shares to be Issued: Reservation of Shares. The Company covenant

-----  
 that the Shares may be issued upon the exercise of the purchase rights represented by this Option will, upon issuance, be fully paid and nonassessable, and free from all liens and charges with respect to the issue thereof. During the period within which the purchase rights represented by the Option may be exercised, the Company will at all times have authorized and reserved, for the purpose of issuance upon exercise of the purchase rights represented by this Option a sufficient number of shares of its Common Stock to provide for the exercise of the right represented by this Option.

5. No Fractional Shares. No fractional shares shall be issued upon the

-----  
 exercise of this Option. In lieu thereof, a cash payment shall be made equal to such fraction multiplied by the fair market value of such shares of Common Stock, as determined in good faith by the Company's Board of Directors.

6. Adjustments of Option Purchase Price and Number of Shares. If there

-----  
 shall be any change in the Common Stock of the company through merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other change in the corporate structure of the Company, appropriate adjustments shall be made by the Board of Directors of the Company (or if the Company is not

surviving corporation) in the aggregate number and kind of shares subject to this Option, and the number and kind of shares and the price per share then applicable to shares covered by the unexercised portion of this Option.

7. Piggyback Registration Rights. The Company agrees as follows:  
-----

(a) If the Company shall determine to register any shares of its Common Stock under the Act at any time and in connection therewith the Company may lawfully register any of the Shares, the Company will promptly give written notice thereof to the Holder. Upon the written request of the Holder within 30 days after receipt of any such notice from the Company, the Company will, except as herein provided, cause all of the Shares which the Holder has requested to be registered to be included in such Registration Statement, all to the extent requisite to permit the sale or other disposition of the Shares. However nothing herein shall prevent the Company from at any time abandoning or delaying any registration.

(b) If any shares registered pursuant to this Section 7 shall be included in an underwritten public offering in whole or in part, the Company may require that the Shares requested for inclusion hereunder be included in the underwriting on the same terms and conditions as the securities otherwise being sold through the underwriters. If and in the event that the managing underwriter of such public offering shall be of the opinion that inclusion of all of the Shares would adversely affect the marketing of the securities to be sold by the Company therein, then the number of Shares otherwise to be included in the underwritten public offering may be reduced on a pro rata basis with the shares proposed to be included in such offering by any other selling shareholder (exclusive of the Company).

8. Registration Procedures. If and whenever the Company is required by  
-----

the provisions of Section 7 to effect the registration of the Shares under the Act, the Company will:

(a) prepare and file with the Commission a Registration Statement with respect to such securities, and use its best efforts to cause such Registration Statement to become and remain effective for such period as may reasonably necessary to effect the sale of such securities, not to exceed nine months;

(b) prepare and file with Commission such amendments to such Registration Statement and supplements to prospectus contained therein as may be necessary to keep such Registration Statement effective for such period as may be reasonably necessary to effect the sale of such Shares, not to exceed nine months;

(c) furnish to the Holder participating in such registration and to the underwriters of the securities being registered such reasonable number of copies of the Registration Statement, preliminary prospectus, final prospectus and such other documents as such underwriters may reasonably request in order to facilitate the public offering of such securities;

(d) use its best efforts to register or qualify the securities covered by such Registration Statement under the state securities or blue sky laws of

such jurisdictions as the Holder may reasonably request within 20 days following the original filing of such Registration Statement, except that the Company shall not for any purpose be required to execute a general consent to service of process or to qualify to do business as a foreign corporation in any jurisdiction wherein it no not so qualified;

(e) notify the Holder promptly after it shall receive notice thereof, of the time when such Registration Statement has become effective or a supplement to any prospectus forming a part of such registration statement;

(f) notify the Holder promptly of any request by the Commission for the amending or supplementing of such Registration Statement or prospectus or for additional information;

(g) prepare and promptly file with the Commission and promptly notify the Holder of the filing of such amendment or supplement to such Registration Statement of prospectus as may be necessary to correct any statements or omissions if, at the time when a prospectus relating to such securities is required to be delivered under the Act, any event shall have occurred as the result of which any such prospectus as then in effect would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading;

(h) advise the Holder promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the Commission suspending the effectiveness of such Registration Statement or the initiation or threatening of any proceeding for that purpose and promptly use its best efforts to prevent the issuance of any stop order or to obtain its withdrawal if such stop order should be issued; and

(i) furnish on the effective date of the Registration Statement to the Holder and any underwriters, at the closing provided for in the underwriting agreement, an opinion of counsel for the Company and a letter from the independent certified public accountants for the Company, in form and substance customary for similar offerings.

9. Expenses. All expenses in connection with or incidental to, the

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preparation and filing of any Registration Statement pursuant to Section 7 hereof, any registration or qualification under securities or blue sky laws of states in which the offering will be made, and any filing fee of the National Association of Securities Dealers, Inc. ("NASD") relating to such offering, shall be borne by the Company (the "Company Obligations"); provided, however, that the Holder shall bear its pro rata share of the underwriting discount and commissions and transfer taxes, all reasonable documented fees and disbursements of Holder's counsel, and, to the extent required by applicable state securities

laws and NASD rules and regulations, all legal fees and disbursements and other expenses of complying with state securities or blue sky laws or any jurisdictions in which the Shares to be offered are to be registered or qualified.

10. Indemnification.

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(a) The Company will indemnify and hold harmless the Holder any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or such underwriter within the meaning of the Act, from and against, and will reimburse such Holder and each such underwriter and controlling person with respect to, any and all loss, damage, liability, cost and expense to which such Holder or any such underwriter or controlling person may become subject under the Act or otherwise, insofar as such losses, damages, liabilities, costs or expenses are caused by any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement, any prospectus contained therein or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; provided however, that the Company will not be liable in any such case to the extent that any such loss, damage, liability, cost or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by such Holder, such underwriter or such controlling person in writing specifically for use in the preparation thereof.

(b) The Holder will indemnify and hold harmless the Company, its directors and officers, any underwriter and any controlling person of such underwriter from and against, and will reimburse the Company, underwriter or controlling person with respect to, any and all loss, damage, liability, cost or expense to which the Company, any underwriter or any controlling person thereof may become subject under the Act or otherwise, insofar as such losses, damages, liabilities, costs or expenses are caused by any untrue or alleged untrue statement of any material fact contained in any Registration Statement, any prospectus contained therein or any amendment or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission

or alleged omission was so made in reliance upon written information furnished by such Holder specifically for use in the preparation thereof. The maximum liability for indemnification hereunder of the Holder shall not exceed, in the

aggregate, the aggregate dollar amount of gross proceeds received by the Holder on account of the Shares which are included in a Registration Statement pursuant to Section 7.

11. Rights and Obligations Survive Exercise and Expiration of Option. The rights  
-----  
and obligations of the Company and the Holder set forth in Sections 7, 8, 9 and 10 shall survive the exercise and expiration of this Option.

12. No Rights of Shareholders. This Option does not entitle the Holder to any  
-----  
voting rights or other rights as a shareholder of the Company prior to exercise of this Option and the payment for the Shares so purchased. Notwithstanding the foregoing, the Company agrees to transmit to the Holder such information, documents and reports as are generally distributed to holders of the capital stock of the Company concurrently with the distribution thereof to the shareholders. Upon valid exercise of this Option and payment for the Shares so purchased in accordance with the terms of the Option, the Holder or the Holder's designee, as the case may be, shall be deemed a shareholder of the Company.

13. Sale or Transfer of the Option: Legend. The Option and the Shares shall not  
-----  
be sold or transferred unless either (i) they first shall have been registered under the Act, or (ii) the Company first shall have been furnished with an opinion of legal counsel satisfactory to the Company to the effect that such sale or transfer is exempt from the registration requirements of the Act. Each certificate representing any Option shall bear the legend set out on page 1 hereof. Each certificate representing any Shares shall bear a legend substantially in the following form, as appropriate:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

Such Option and Shares may be subject to additional restrictions on transfer imposed under applicable state and federal securities law.

14. Modifications and Waivers. This Option may not be changed, waived,  
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discharged or terminated except by an instrument in writing signed by the party against which enforcement of the same is sought.

15. Notices. Any notice, request or other document required or  
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permitted to be given or delivered to the Holder or the Company shall be delivered, or shall be sent by certified or registered mail, postage prepaid, to the Holder at its address shown on the books of the Company or to the Company at the address indicated therefor on the signature page of this Option, or, if

different, at the principal office of the Company.

16. Loss, Theft, Destruction or Mutilation of Warrant. The Company

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covenants with the Holder that upon its receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Option or any stock certificate and, in the case of any such loss, theft or destruction, of an indemnity or security reasonably satisfactory to it, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of this Option

or stock certificate, if mutilated, the Company will make and deliver a new Option or stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Option or stock certificate.

17. Representations and Warranties of Holder. By accepting this Option,

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the Holder represents and warrants that the Holder is acquiring this Option and the Shares for such Holder's own account, for investment and not with a view to, or for sale in connection with, any distribution thereof or any part thereof. Holder represents and warrants that such Holder is (a) experienced in the evaluation of businesses similar to the Company, (b) is able to fend for himself, herself or itself in the transactions contemplated by this Option, (c) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Company, (d) has the ability to bear the economic risks of an investment in the Company, (e) has been furnished with or has had access to such information as is specified in subparagraph (b) (2) of Rule 202 promulgated under the Act and (f) has been afforded the opportunity to ask questions of and to receive answers from the Company and to obtain any additional information necessary to make an informed investment decision with respect to an investment in the Company.

18. Binding Effect on Successors. This Option shall be binding upon any

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corporation succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets, and all of the obligations of the Company relating to the Shares issuable upon exercise of this Option shall survive the exercise and termination of this Option and all of the covenants and agreements of the Company shall inure to the benefit of the successors and assigns of the Holder.

19. Governing Law. This Option shall be construed and enforced in

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accordance with, and the rights of the parties shall be governed by, the laws of the State of Delaware.



IN WITNESS WHEREOF, BOSTON RESTAURANT ASSOCIATES, INC. has caused this Warrant to be executed under seal by its officer thereunto duly authorized

ORIGINAL ISSUANCE DATE:

BOSTON RESTAURANT ASSOCIATES, INC.

By: \_\_\_\_\_  
George R. Chapdelaine  
President

EXHIBIT A

NOTICE OF EXERCISE

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To: BOSTON RESTAURANT ASSOCIATES, INC.

1. The undersigned hereby elects to purchase \_\_\_\_\_ shares of Common Stock of BOSTON RESTAURANT ASSOCIATES, INC. pursuant to the terms of the attached Option, and tenders herewith payment of the purchase price of such shares in full.
2. Please issue a certificate or certificates representing said shares in the name of the undersigned or in such other name or names as are specified below.
3. The undersigned represents that the aforesaid shares of Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares. The undersigned further represents that such shares shall not be sold or transferred unless either (i) they first shall have been registered under the Securities Act of 1933, as amended, or (ii) the Company first shall have been furnished with an opinion of legal counsel reasonably satisfactory to the Company to the effect that such sale or transfer is exempt from the registration requirement.
4. In the event of partial exercise, please issue an appropriate Option exercisable into the remaining shares.



-----  
(Name)

-----  
(Address)

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(Signature)

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(Date)

NET ISSUE ELECTION NOTICE

TO: \_\_\_\_\_

DATE: \_\_\_\_\_

The undersigned hereby elects under Section 3(b) to surrender the right to purchase \_\_\_\_\_ Shares of Common Stock pursuant to this Option. The certificate(s) for the shares issuable upon such net issued election shall be issued in the name of the undersigned or as otherwise indicated below.

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Signature

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Name of Registration

## Mailing Address

## EQUIPMENT LEASE

This LEASE is made in the Commonwealth of Massachusetts, on March 17, 1998 between H.C.B. CORPORATION, a duly organized and existing Massachusetts corporation, having a principal place of business at 280 Atlantic Avenue, Boston, MA 02110 (herein called the "Lessor"), and PIZZERIA REGINA OF VIRGINIA, INC. a duly organized and existing Virginia corporation, having a place of business at the Regency Square Mall, Richmond, VA 23232 doing business under the name and style of Pizzeria Regina (herein called the "Lessee"), wherein it is agreed as follows:

1. The Lessor leases to Lessee and the Lessee rents from Lessor the equipment ("Equipment") listed in the schedule hereto annexed, marked Exhibit "A" and made a part hereof. Each item of Equipment listed is hereinafter called an "Item", together with any parts, mechanisms and devices relating thereto or used in connection therewith, attached to or delivered with the Equipment, or thereafter attached to or used in connection therewith. The Lessor warrants and represents to the Lessee that the Lessor has the authority to enter into this Equipment Lease.

2. Lessor has not made and does not make any representation, warranty or covenant, express or implied, with respect to the merchantability, fitness, condition, quality or durability of any item of Equipment for Lessee's purposes, or any other representation, warranty, or covenant, express or implied, with respect to the leased Equipment or any part thereof; Lessee hereby disclaims any and all liability of Lessor with respect thereto. Lessor shall not be liable or responsible to Lessee for any damage, defect, failure to meet specifications, late delivery, failure to deliver or shortage in respect to any item leased hereunder, or for failure of the supplier to properly install or assemble any item, or for the failure of the supplier thereof for any reason whatsoever, to comply with the terms of any purchase order. Lessee agrees to look only to such supplier and/or to any carrier of the item in respect thereto. Lessee agrees that Lessor shall not be liable or responsible to Lessee for any claim, loss, damage, liability or expense of any kind or nature caused, directly or indirectly, by the leased Equipment or any part thereof, or the inadequacy thereof for any purpose, or any defect or deficiency therein, or the use, operation, or storage thereof, or the interruption or loss of the service or use thereof, or arising from any other reason or cause whatsoever relating to or concerning the leased Equipment, or any part thereof. Lessor assigns to Lessee all rights under any manufacturer's warranties or guarantees, including any and all rights of subrogation and any claims in connection with any defects as to the Equipment.

3. The term of this Lease is for a period of five (5) years to commence on March 17, 1998, and to end on March 16, 2003. The Lessee shall pay to the Lessor, its successors and assigns, rental as follows: \$2,002.00 on or before March 17, 1998, and an equal amount on the same date of each month thereafter until February 17, 2003. On March 17, 2003, Lessee may purchase the Equipment

upon payment to the Lessor of \$8,415.32. Upon such payment, the Lessor agrees to execute and deliver to the Lessee a Warranty Bill of Sale for the Equipment in the form attached hereto as Exhibit B.

4. In the event the Lessee shall not exercise its option as hereinbefore set forth, the Lessee shall, upon the expiration of the term of this Lease, ship all of the Equipment (a) by delivering such Item at Lessee's expense to such place as Lessor shall specify within the city or county in which the same is then permanently located, or (b) by loading such Item at Lessee's expense on board such carrier as Lessor shall specify and shipping the same, freight collect, to destination designated by Lessor. At the end and/or termination of this Lease, the Lessee shall surrender such Equipment to the Lessor in good order and condition, reasonable wear and tear resulting from its proper use alone excepted.

5. Equipment leased hereunder shall be located and used at the location of the Lessee set forth above unless Lessor shall consent in writing to the removal to a different location. The Lessee agrees to use its good faith and reasonable efforts to furnish to Lessor, when required, a landlord's waiver of distraint for rent and consent to remove all of the Equipment if any of the above Equipment is affixed or to be affixed to realty during the rental period, such release to be furnished prior to such affixation. Notwithstanding anything hereinabove contained, the Equipment shall remain the personal property of the Lessor until the Lessee exercises its purchase option and pays the purchase option price at which time the Equipment shall become the personal property of the Lessee. Lessor represents and warrants, and Lessee

acknowledges, that the Equipment covered by this Lease is owned by the Lessor, and such title shall remain in the Lessor at all times. The Lessee shall give the Lessor immediate notice in the event that any of the Equipment is levied upon or is about to become liable or is threatened with seizure, and the Lessee shall indemnify the Lessor against all loss and damages caused by such action. Upon the expiration of this Lease or termination for any reason whatsoever, the Lessor shall have the right and privilege to remove its Equipment, in whole or in part, without liability therefor.

6. The parties hereto agree that this Lease is a net lease, and that Lessee shall pay, without notice or demand, the rent reserved under paragraph 3 hereof, and all other sums payable under any other provision of this Lease, as and when the same shall be due and payable; and the Lessee further agrees that it shall pay promptly all costs, expenses and obligations of every kind and nature relating to the Equipment which may arise or become due during the term of this Lease, whether or not specifically mentioned herein. No such rental or other sums payable by Lessee pursuant to this Lease shall be subject to set-off, deduction, counterclaim or abatement, nor shall this Lease terminate, nor shall Lessee be entitled to any credit against such rental or other sums, for any reason whatsoever, including but not in any way limited to: any damage to or

destruction of the Equipment or any item thereof; any limitation, restriction, deprivation or prevention of, or any interference with, Lessee's use of the Equipment or any item thereof, whether the same shall be lawful or unlawful; any dispossession of Lessee from the Equipment or any item thereof by title paramount or otherwise; the requisition or taking by statute or by exercise of the power of eminent domain or other governmental authority or otherwise, or by injunction or by any private person, of the Equipment or any item thereof; the prohibition of Lessee's business, in whole or in part, whether pursuant to law or otherwise; or any reason whether similar or dissimilar to the foregoing, unless caused by an act or omission of Lessor, its agents, employees, or contractors. Lessee shall be entitled to the possession and use of the Equipment during the term of and pursuant to the provisions of this Lease so long as no event of default has occurred.

7. The Lessee agrees to use the leased Equipment only in good operating condition. The Lessee shall obtain from the supplier and shall pay therefor, all duplicate parts, extras, mechanisms and devices of every kind needed or used in operating, repairing or renewing the leased Equipment and the same shall become part of the leased Equipment. Other than repairs made to the Equipment by the Lessee as required hereby, Lessee shall not otherwise make or allow to be made any addition, subtraction or alteration to, from or in the leased Equipment without the written consent of Lessor, but Lessor shall not be responsible for delay on providing, or for failure to provide any such item or items.

8. (A) No loss or damage to the Equipment or any part thereof, unless caused by an act or omission of Lessor, its agents, employees, or contractors shall impair any obligation of Lessee under this Lease which shall continue in full force and effect. Lessee shall, at its own expense, keep the Equipment insured against all risks of loss or damage from every cause whatsoever for not less than the then fair market value of said Equipment. If any Equipment is determined by Lessor to be lost, stolen, destroyed or damaged in whole or in part, Lessee at its option and at its expense, shall within (30) days; (i) place the same in good repair, condition and working order, or (ii) replace the same with like Equipment in good repair, condition or working order and deliver to Lessor a bill of sale covering the replaced Equipment, or (iii) cause to be paid over to Lessor any insurance proceeds payable on account of such loss, theft or destruction.

(B) Lessee shall, at its own expense, carry public liability and property damage insurance covering the Equipment. Policies providing coverage against bodily injury and property damage shall provide for not less than \$1,000,000/\$2,000,000 insurance for injury to or death of one person, and, subject to that limit for each person, a total liability of \$1,000,000/\$2,000,000 for all persons injured or killed in the same accident and \$100,000 property damage or such higher limits as Lessor may require. Blanket coverage for liability and property damage may be provided by Lessee in lieu of the foregoing.

(C) All said insurance shall be in form and with companies approved by Lessor, and shall be in the joint names of Lessor and Lessee. Lessee shall pay the premiums therefor and deliver said policies, or

duplicates thereof, to Lessor. Each insurer shall agree by endorsement upon the policy or policies issued by it or by independent instrument furnished to Lessor, that it will give Lessor twenty (20) days' written notice before the policy in question shall be altered or cancelled. With respect to any insurable loss of the Equipment, the proceeds of such insurance, other than liability insurance, at the option of Lessee, shall be applied (a) toward the replacement, restoration or repair of the Equipment, or (b) toward payment of the obligations of Lessee hereunder. Lessee assigns to Lessor all moneys to the extent due and owing to the Lessor under this Lease with respect to any insurable loss of Equipment which may become due under any policy covering the Equipment, and directs the insurance company to make payment directly to Lessor or its assignee.

(D) If Lessee fails to secure, maintain and pay for such insurance coverage, and furnish Lessor with evidence satisfactory to it of such insurance coverage having been obtained, maintained and paid for by Lessee within ten (10) days of written request therefor, such failure on Lessee's part shall constitute an event of immediate default.

(E) Lessee assumes all risks and liability, whether or not covered by insurance, for loss or damage to the Equipment and for injuries or deaths of persons and damage to property, howsoever arising from or incident to the use, operation or storage of the items leased hereunder, whether such injury or death to persons be of agents or employees of the Lessee or of third parties, and whether such damage to property be of Lessee or of others unless the same is caused by an act or omission of Lessor, its agents, employees, or contractors. Lessee agrees to indemnify, save and hold Lessor harmless from all losses, damages, claims, penalties and expenses, including attorneys' fees, however arising or incurred, because of or incident to any item or the real or alleged use, operation or storage thereof.

9. Lessee agrees to grant and provide Lessor and/or its representatives free access to premises at all times during the process of delivery and/or removal of Equipment. Employees of the Lessor shall have access to and may inspect said Equipment at all reasonable times, which shall be upon at least twenty-four (24) hours' advance notice except in the case of emergencies, during normal business hours, and at any location, during the lease period. Lessee agrees, whenever requested by Lessor, to give Lessor the exact location of all Equipment covered by this Lease, if removed to any other location than as stated herein.

10. Lessee shall pay all taxes of every kind and nature imposed or levied by any taxing authority in connection with the ownership of the Equipment by Lessor, the leasing, use possession and operation of Equipment and payment of rentals therefor, including but not limited to, all federal, state and local taxes and other governmental charges, however designated, levied or assessed

upon the Lessee and Lessor or either of them or said Equipment, or upon the use or operation thereof, sales or use taxes, allocable privilege or allocable franchise taxes measured by or based on gross revenue, personal property taxes assessed on the Equipment of the Lessor, but excluding Lessor's income and franchise taxes. A default under this paragraph shall be deemed a default under this Lease. If Lessee does not pay any of such taxes and Lessor becomes obligated to or at its option, pays the same, the Lessee shall pay the Lessor the amount thereof on demand, together with any penalties or interest thereon, all with interest at the rate of 15% per annum, and the same shall be deemed additional rent. Lessee shall provide all permits and licenses necessary for the installation, operation and use of the Equipment or any parts thereof. Lessee will comply with all laws, regulations and ordinances applicable to the installation, use, possession and operation of the Equipment. If compliance with any ordinance, rule, regulation or permit by any governmental agency, requires changes or additions to be made on or to the aforesaid Equipment, such changes or additions shall be made by the Lessee at its own expense.

11. Without the prior written consent of Lessor, Lessee shall not assign, transfer, pledge or hypothecate this Lease, the Equipment or any part thereof, or any interest therein, or sublet or lend the Equipment or any part thereof, or permit the Equipment or any part thereof to be used by anyone other than Lessee. Consent by the Lessor to any of the foregoing prohibited acts applies only in the given instance. Any such attempted action by Lessee either by voluntary or involuntary act or by operation of law or otherwise, shall constitute an event of immediate default. Neither this Lease or Lessee's interest therein, is assignable or transferable by operation of law. If Lessee is adjudged a bankrupt or makes an assignment

for the benefit of creditors, or a receiver is appointed for Lessee, this Lease shall not be treated as an asset of Lessee and Lessor may exercise any and all remedies provided in paragraph 13 hereof.

12. (A) It is understood that Lessor may assign this Lease and/or mortgage the Equipment, and that any assignee may assign the same. All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, without notice to or consent of the Lessee. If Lessor assigns this Lease or the rentals due or to become due hereunder or any other interest herein, whether as security for any of its indebtedness or otherwise, Lessee agrees, after notice of such assignment has been given by Lessor or such assignee to Lessee, that this agreement may not be terminated and the terms and provisions thereof may not be altered, modified or waived without the prior written consent of the assignee, and Lessee further agrees unconditionally to pay to the assignee the rentals, or amounts equal to such rentals, and all other sums which may be or become due hereunder directly to such assignee, notwithstanding any of the terms of this Lease which might relieve the Lessee from the payment of rentals hereunder, or the termination of this Lease for any reason or any other event whatsoever including without

limitation the bankruptcy or insolvency of the Lessor or any disaffirmance of this Lease by any trustee or receiver, and notwithstanding any defense, set off or counterclaim whatsoever whether by reason of breach of this Lease or otherwise, which Lessee may or might now or hereafter have as against Lessor, Lessee reserving its rights to have recourse directly against Lessor on account of any such defense, set off or counterclaim. Lessee's undertaking with respect to any such assignee shall constitute a direct, independent and unconditional obligation of Lessee to such assignee. The receipt by such assignee of such payments shall discharge the obligations of Lessee to Lessor hereunder to the extent thereof.

(B) All rights, powers and privileges and obligations of Lessor hereunder shall be succeeded to by the assignee under any assignment. Lessee agrees to execute any and all documents including, but not limited to, consent to assignment, presented to it by Lessor to enable Lessor to effect the foregoing. After notice to Lessee of any such assignment, Lessee agrees that it shall possess and use the Equipment subject to the Assignee's interest therein.

13. In the event Lessee shall default in the payment of any rent, additional rent, or any other sums due hereunder for a period of fifteen (15) days, or in the event of any default or breach of the other terms and conditions of this Lease continuing for fifteen (15) days after written notice of default, or any other lease between the parties hereto, or if any execution or other writ or process shall be issued in any action or proceeding, against the Lessee, whereby the said Equipment may be taken or distrained, or if a proceeding in bankruptcy, receivership or insolvency shall be instituted by or against the Lessee or its property, or if the Lessee shall enter into any agreement or composition with its creditors, breach any of the terms of any loan or credit agreement, or default thereunder, then and in that event Lessor and its assignee shall have all remedies available at law without being required to elect among Lessor's remedies, and without limiting the foregoing, in addition shall have the following rights and remedies to the extent permitted by law: (a) all obligations, including any note issued in connection herewith, shall immediately become due and payable at the option of the holder hereof without notice or demand; (b) The holder hereof or its representative may enter the premises where any of the Equipment may be located, and take and carry away the same with or without legal process to the holder's place of storage; (c) sell the Equipment at public or private sale, whether or not the Equipment is present at such sale and whether or not the Equipment is in constructive possession of the holder or the person conducting the sale, in one or more sales, as an entirety or in parcels, for the best price that the holder can obtain, and upon such terms as the holder may deem desirable; (d) the holder hereof may be the purchaser at any such sale; (e) require Lessee to pay all expenses of such sale, taking, keeping and storage of the Equipment, including reasonable attorney's fees; (f) apply the proceeds of such sale to all expenses in connection with the taking and sale of the Equipment, and any balance of such proceeds may be applied toward the payment of the obligations in such order of application as the holder may from time to time elect; (g) upon holder's demand Lessee agrees, at Lessee's expense, to assemble the Equipment at a convenient place acceptable to both parties; and (h) exercise any one or more rights or remedies accorded by law and the Uniform Commercial Code. If the proceeds of any such sale are insufficient to pay the



expenses as aforesaid and the obligations, the Lessee agrees to pay any deficiency to the holder hereof upon demand, and if such proceeds are more than sufficient to pay such expenses and the obligations, the holder agrees to pay surplus to Lessee. If this contract is referred to an attorney to enforce collection Lessee agrees to pay reasonable attorney's fees and costs. Whenever any

payment is not made when due hereunder, Lessee promises to pay to Lessor its assignee not later than one month thereafter an amount calculated at the rate of five cents per dollar of each such delayed payment if allowed by law. In the event of litigation of any matter connected with this Lease or resulting from transactions hereunder, the right of a trial by jury is hereby waived by the Lessee.

14. The omission by the Lessor at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Lessee at any time designated, shall not be a waiver of any such default or right to which the Lessor is entitled, nor shall it in any way affect the rights to which the Lessor is entitled, nor shall it in any way affect the rights of the Lessor to enforce such provisions thereafter. The Lessor may exercise all remedies, successively or concurrently, pursuant to the terms hereof, and any such action or inaction shall not operate to release the Lessee until the full amount of the rentals due and to become due, and all other sums to be paid hereunder have been paid in full.

15. Lessee authorizes the Lessor to fill in descriptive material in connection with the Equipment, including, but not limited to, serial numbers, to date the Lease, and to correct any patent errors.

16. At request of Lessor, Lessee will join Lessor in executing all such documents and other instruments including financing statements pursuant to the Uniform Commercial Code as may be necessary or desirable to evidence Lessor's ownership of the Equipment. Lessee authorizes Lessor and Lessor's assignee and each subsequent assignee to file a financing statement signed only by Lessor or such assignee in all places where necessary to perfect Lessor's security interest in all jurisdictions where such authorization is permitted by law. Upon request of Lessor or any assignee hereof, Lessee agrees to deliver from time to time but not more often than once in each six month period during the term of this Lease, such information regarding its business affairs and financial condition as may be reasonably requested.

17. The foregoing represents the entire lease between the parties. This Lease may not be modified or changed orally but only by a writing signed by both parties. This Lease shall be binding upon the parties hereto and their respective successor and assigns. The parties agree that the interpretation and legal effect of this Lease shall be governed by the laws of the Commonwealth of Massachusetts. Notices, when required hereunder, shall be in writing by prepaid

mail, addressed to either of the parties at the addresses designated above, or at such other addresses as may be designated by the parties during the term of this Lease by written notice addressed to the other party and sent by prepaid mail.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.

PIZZERIA REGINA OF VIRGINIA,  
INC.

H.C.B. CORPORATION

By \_\_\_\_\_  
George R. Chapdelaine,  
President and Treasurer

By \_\_\_\_\_

## EQUIPMENT LEASE

This LEASE is made in the Commonwealth of Massachusetts, on March 17, 1998 between H.C.B. CORPORATION, a duly organized and existing Massachusetts corporation, having a principal place of business at 280 Atlantic Avenue, Boston, MA 02110 (herein called the "Lessor"), and PIZZERIA REGINA OF FLORIDA, INC. a duly organized and existing Florida corporation, having a place of business at the Oviedo Marketplace, Oviedo, Florida doing business under the name and style of Pizzeria Regina (herein called the "Lessee"), wherein it is agreed as follows:

1. The Lessor leases to Lessee and the Lessee rents from Lessor the equipment ("Equipment") listed in the schedule hereto annexed, marked Exhibit "A" and made a part hereof. Each item of Equipment listed is hereinafter called an "Item", together with any parts, mechanisms and devices relating thereto or used in connection therewith, attached to or delivered with the Equipment, or thereafter attached to or used in connection therewith. The Lessor warrants and represents to the Lessee that the Lessor has the authority to enter into this Equipment Lease.

2. Lessor has not made and does not make any representation, warranty or covenant, express or implied, with respect to the merchantability, fitness, condition, quality or durability of any item of Equipment for Lessee's purposes, or any other representation, warranty, or covenant, express or implied, with respect to the leased Equipment or any part thereof; Lessee hereby disclaims any and all liability of Lessor with respect thereto. Lessor shall not be liable or responsible to Lessee for any damage, defect, failure to meet specifications, late delivery, failure to deliver or shortage in respect to any item leased hereunder, or for failure of the supplier to properly install or assemble any item, or for the failure of the supplier thereof for any reason whatsoever, to comply with the terms of any purchase order. Lessee agrees to look only to such supplier and/or to any carrier of the item in respect thereto. Lessee agrees that Lessor shall not be liable or responsible to Lessee for any claim, loss, damage, liability or expense of any kind or nature caused, directly or indirectly, by the leased Equipment or any part thereof, or the inadequacy thereof for any purpose, or any defect or deficiency therein, or the use, operation, or storage thereof, or the interruption or loss of the service or use thereof, or arising from any other reason or cause whatsoever relating to or concerning the leased Equipment, or any part thereof. Lessor assigns to Lessee all rights under any manufacturer's warranties or guarantees, including any and all rights of subrogation and any claims in connection with any defects as to the Equipment.

3. The term of this Lease is for a period of five (5) years to commence on March 17, 1998, and to end on March 16, 2003. The Lessee shall pay to the Lessor, its successors and assigns, rental as follows: \$2,149.35 on or before

March 17, 1998, and an equal amount on the same date of each month thereafter until February 17, 2003. On March 17, 2003, Lessee may purchase the Equipment upon payment to the Lessor of \$9,034.00. Upon such payment, the Lessor agrees to execute and deliver to the Lessee a Warranty Bill of Sale for the Equipment in the form attached hereto as Exhibit B.

4. In the event the Lessee shall not exercise its option as hereinbefore set forth, the Lessee shall, upon the expiration of the term of this Lease, ship all of the Equipment (a) by delivering such Item at Lessee's expense to such place as Lessor shall specify within the city or county in which the same is then permanently located, or (b) by loading such Item at Lessee's expense on board such carrier as Lessor shall specify and shipping the same, freight collect, to destination designated by Lessor. At the end and/or termination of this Lease, the Lessee shall surrender such Equipment to the Lessor in good order and condition, reasonable wear and tear resulting from its proper use alone excepted.

5. Equipment leased hereunder shall be located and used at the location of the Lessee set forth above unless Lessor shall consent in writing to the removal to a different location. The Lessee agrees to use its good faith and reasonable efforts to furnish to Lessor, when required, a landlord's waiver of distraint for rent and consent to remove all of the Equipment if any of the above Equipment is affixed or to be affixed to realty during the rental period, such release to be furnished prior to such affixation. Notwithstanding anything hereinabove contained, the Equipment shall remain the personal property of the

Lessor until the Lessee exercises its purchase option and pays the purchase option price at which time the Equipment shall become the personal property of the Lessee. Lessor represents and warrants, and Lessee acknowledges, that the Equipment covered by this Lease is owned by the Lessor, and such title shall remain in the Lessor at all times. The Lessee shall give the Lessor immediate notice in the event that any of the Equipment is levied upon or is about to become liable or is threatened with seizure, and the Lessee shall indemnify the Lessor against all loss and damages caused by such action. Upon the expiration of this Lease or termination for any reason whatsoever, the Lessor shall have the right and privilege to remove its Equipment, in whole or in part, without liability therefor.

6. The parties hereto agree that this Lease is a net lease, and that Lessee shall pay, without notice or demand, the rent reserved under paragraph 3 hereof, and all other sums payable under any other provision of this Lease, as and when the same shall be due and payable; and the Lessee further agrees that it shall pay promptly all costs, expenses and obligations of every kind and nature relating to the Equipment which may arise or become due during the term of this Lease, whether or not specifically mentioned herein. No such rental or other sums payable by Lessee pursuant to this Lease shall be subject to set-off, deduction, counterclaim or abatement, nor shall this Lease terminate, nor shall

Lessee be entitled to any credit against such rental or other sums, for any reason whatsoever, including but not in any way limited to: any damage to or destruction of the Equipment or any item thereof; any limitation, restriction, deprivation or prevention of, or any interference with, Lessee's use of the Equipment or any item thereof, whether the same shall be lawful or unlawful; any dispossession of Lessee from the Equipment or any item thereof by title paramount or otherwise; the requisition or taking by statute or by exercise of the power of eminent domain or other governmental authority or otherwise, or by injunction or by any private person, of the Equipment or any item thereof; the prohibition of Lessee's business, in whole or in part, whether pursuant to law or otherwise; or any reason whether similar or dissimilar to the foregoing, unless caused by an act or omission of Lessor, its agents, employees, or contractors. Lessee shall be entitled to the possession and use of the Equipment during the term of and pursuant to the provisions of this Lease so long as no event of default has occurred.

7. The Lessee agrees to use the leased Equipment only in good operating condition. The Lessee shall obtain from the supplier and shall pay therefor, all duplicate parts, extras, mechanisms and devices of every kind needed or used in operating, repairing or renewing the leased Equipment and the same shall become part of the leased Equipment. Other than repairs made to the Equipment by the Lessee as required hereby, Lessee shall not otherwise make or allow to be made any addition, subtraction or alteration to, from or in the leased Equipment without the written consent of Lessor, but Lessor shall not be responsible for delay on providing, or for failure to provide any such item or items.

8. (A) No loss or damage to the Equipment or any part thereof, unless caused by an act or omission of Lessor, its agents, employees, or contractors shall impair any obligation of Lessee under this Lease which shall continue in full force and effect. Lessee shall, at its own expense, keep the Equipment insured against all risks of loss or damage from every cause whatsoever for not less than the then fair market value of said Equipment. If any Equipment is determined by Lessor to be lost, stolen, destroyed or damaged in whole or in part, Lessee at its option and at its expense, shall within (30) days; (i) place the same in good repair, condition and working order, or (ii) replace the same with like Equipment in good repair, condition or working order and deliver to Lessor a bill of sale covering the replaced Equipment, or (iii) cause to be paid over to Lessor any insurance proceeds payable on account of such loss, theft or destruction.

(B) Lessee shall, at its own expense, carry public liability and property damage insurance covering the Equipment. Policies providing coverage against bodily injury and property damage shall provide for not less than \$1,000,000/\$2,000,000 insurance for injury to or death of one person, and, subject to that limit for each person, a total liability of \$1,000,000/\$2,000,000 for all persons injured or killed in the same accident and \$100,000 property damage or such higher limits as Lessor may require. Blanket coverage for liability and property damage may be provided by Lessee in lieu of the foregoing.

(C) All said insurance shall be in form and with companies approved

by Lessor, and shall be in the joint names of Lessor and Lessee. Lessee shall pay the premiums therefor and deliver said policies, or

duplicates thereof, to Lessor. Each insurer shall agree by endorsement upon the policy or policies issued by it or by independent instrument furnished to Lessor, that it will give Lessor twenty (20) days' written notice before the policy in question shall be altered or cancelled. With respect to any insurable loss of the Equipment, the proceeds of such insurance, other than liability insurance, at the option of Lessee, shall be applied (a) toward the replacement, restoration or repair of the Equipment, or (b) toward payment of the obligations of Lessee hereunder. Lessee assigns to Lessor all moneys to the extent due and owing to the Lessor under this Lease with respect to any insurable loss of Equipment which may become due under any policy covering the Equipment, and directs the insurance company to make payment directly to Lessor or its assignee.

(D) If Lessee fails to secure, maintain and pay for such insurance coverage, and furnish Lessor with evidence satisfactory to it of such insurance coverage having been obtained, maintained and paid for by Lessee within ten (10) days of written request therefor, such failure on Lessee's part shall constitute an event of immediate default.

(E) Lessee assumes all risks and liability, whether or not covered by insurance, for loss or damage to the Equipment and for injuries or deaths of persons and damage to property, howsoever arising from or incident to the use, operation or storage of the items leased hereunder, whether such injury or death to persons be of agents or employees of the Lessee or of third parties, and whether such damage to property be of Lessee or of others unless the same is caused by an act or omission of Lessor, its agents, employees, or contractors. Lessee agrees to indemnify, save and hold Lessor harmless from all losses, damages, claims, penalties and expenses, including attorneys' fees, however arising or incurred, because of or incident to any item or the real or alleged use, operation or storage thereof.

9. Lessee agrees to grant and provide Lessor and/or its representatives free access to premises at all times during the process of delivery and/or removal of Equipment. Employees of the Lessor shall have access to and may inspect said Equipment at all reasonable times, which shall be upon at least twenty-four (24) hours' advance notice except in the case of emergencies, during normal business hours, and at any location, during the lease period. Lessee agrees, whenever requested by Lessor, to give Lessor the exact location of all Equipment covered by this Lease, if removed to any other location than as stated herein.

10. Lessee shall pay all taxes of every kind and nature imposed or levied by any taxing authority in connection with the ownership of the Equipment by Lessor, the leasing, use possession and operation of Equipment and payment of

rentals therefor, including but not limited to, all federal, state and local taxes and other governmental charges, however designated, levied or assessed upon the Lessee and Lessor or either of them or said Equipment, or upon the use or operation thereof, sales or use taxes, allocable privilege or allocable franchise taxes measured by or based on gross revenue, personal property taxes assessed on the Equipment of the Lessor, but excluding Lessor's income and franchise taxes. A default under this paragraph shall be deemed a default under this Lease. If Lessee does not pay any of such taxes and Lessor becomes obligated to or at its option, pays the same, the Lessee shall pay the Lessor the amount thereof on demand, together with any penalties or interest thereon, all with interest at the rate of 15% per annum, and the same shall be deemed additional rent. Lessee shall provide all permits and licenses necessary for the installation, operation and use of the Equipment or any parts thereof. Lessee will comply with all laws, regulations and ordinances applicable to the installation, use, possession and operation of the Equipment. If compliance with any ordinance, rule, regulation or permit by any governmental agency, requires changes or additions to be made on or to the aforesaid Equipment, such changes or additions shall be made by the Lessee at its own expense.

11. Without the prior written consent of Lessor, Lessee shall not assign, transfer, pledge or hypothecate this Lease, the Equipment or any part thereof, or any interest therein, or sublet or lend the Equipment or any part thereof, or permit the Equipment or any part thereof to be used by anyone other than Lessee. Consent by the Lessor to any of the foregoing prohibited acts applies only in the given instance. Any such attempted action by Lessee either by voluntary or involuntary act or by operation of law or otherwise, shall constitute an event of immediate default. Neither this Lease or Lessee's interest therein, is assignable or transferable by operation of law. If Lessee is adjudged a bankrupt or makes an assignment

for the benefit of creditors, or a receiver is appointed for Lessee, this Lease shall not be treated as an asset of Lessee and Lessor may exercise any and all remedies provided in paragraph 13 hereof.

12. (A) It is understood that Lessor may assign this Lease and/or mortgage the Equipment, and that any assignee may assign the same. All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, without notice to or consent of the Lessee. If Lessor assigns this Lease or the rentals due or to become due hereunder or any other interest herein, whether as security for any of its indebtedness or otherwise, Lessee agrees, after notice of such assignment has been given by Lessor or such assignee to Lessee, that this agreement may not be terminated and the terms and provisions thereof may not be altered, modified or waived without the prior written consent of the assignee, and Lessee further agrees unconditionally to pay to the assignee the rentals, or amounts equal to such rentals, and all other sums which may be or become due hereunder directly to such assignee, notwithstanding any of the terms of this Lease which might



relieve the Lessee from the payment of rentals hereunder, or the termination of this Lease for any reason or any other event whatsoever including without limitation the bankruptcy or insolvency of the Lessor or any disaffirmance of this Lease by any trustee or receiver, and notwithstanding any defense, set off or counterclaim whatsoever whether by reason of breach of this Lease or otherwise, which Lessee may or might now or hereafter have as against Lessor, Lessee reserving its rights to have recourse directly against Lessor on account of any such defense, set off or counterclaim. Lessee's undertaking with respect to any such assignee shall constitute a direct, independent and unconditional obligation of Lessee to such assignee. The receipt by such assignee of such payments shall discharge the obligations of Lessee to Lessor hereunder to the extent thereof.

(B) All rights, powers and privileges and obligations of Lessor hereunder shall be succeeded to by the assignee under any assignment. Lessee agrees to execute any and all documents including, but not limited to, consent to assignment, presented to it by Lessor to enable Lessor to effect the foregoing. After notice to Lessee of any such assignment, Lessee agrees that it shall possess and use the Equipment subject to the Assignee's interest therein.

13. In the event Lessee shall default in the payment of any rent, additional rent, or any other sums due hereunder for a period of fifteen (15) days, or in the event of any default or breach of the other terms and conditions of this Lease continuing for fifteen (15) days after written notice of default, or any other lease between the parties hereto, or if any execution or other writ or process shall be issued in any action or proceeding, against the Lessee, whereby the said Equipment may be taken or distrained, or if a proceeding in bankruptcy, receivership or insolvency shall be instituted by or against the Lessee or its property, or if the Lessee shall enter into any agreement or composition with its creditors, breach any of the terms of any loan or credit agreement, or default thereunder, then and in that event Lessor and its assignee shall have all remedies available at law without being required to elect among Lessor's remedies, and without limiting the foregoing, in addition shall have the following rights and remedies to the extent permitted by law: (a) all obligations, including any note issued in connection herewith, shall immediately become due and payable at the option of the holder hereof without notice or demand; (b) The holder hereof or its representative may enter the premises where any of the Equipment may be located, and take and carry away the same with or without legal process to the holder's place of storage; (c) sell the Equipment at public or private sale, whether or not the Equipment is present at such sale and whether or not the Equipment is in constructive possession of the holder or the person conducting the sale, in one or more sales, as an entirety or in parcels, for the best price that the holder can obtain, and upon such terms as the holder may deem desirable; (d) the holder hereof may be the purchaser at any such sale; (e) require Lessee to pay all expenses of such sale, taking, keeping and storage of the Equipment, including reasonable attorney's fees; (f) apply the proceeds of such sale to all expenses in connection with the taking and sale of the Equipment, and any balance of such proceeds may be applied toward the payment of the obligations in such order of application as the holder may from time to time elect; (g) upon holder's demand Lessee agrees, at Lessee's expense, to assemble the Equipment at a convenient place acceptable to both parties; and



(h) exercise any one or more rights or remedies accorded by law and the Uniform Commercial Code. If the proceeds of any such sale are insufficient to pay the expenses as aforesaid and the obligations, the Lessee agrees to pay any deficiency to the holder hereof upon demand, and if such proceeds are more than sufficient to pay such expenses and the obligations, the holder agrees to pay surplus to Lessee. If this contract is referred to an attorney to enforce collection Lessee agrees to pay reasonable attorney's fees and costs. Whenever any

payment is not made when due hereunder, Lessee promises to pay to Lessor its assignee not later than one month thereafter an amount calculated at the rate of five cents per dollar of each such delayed payment if allowed by law. In the event of litigation of any matter connected with this Lease or resulting from transactions hereunder, the right of a trial by jury is hereby waived by the Lessee.

14. The omission by the Lessor at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Lessee at any time designated, shall not be a waiver of any such default or right to which the Lessor is entitled, nor shall it in any way affect the rights to which the Lessor is entitled, nor shall it in any way affect the rights of the Lessor to enforce such provisions thereafter. The Lessor may exercise all remedies, successively or concurrently, pursuant to the terms hereof, and any such action or inaction shall not operate to release the Lessee until the full amount of the rentals due and to become due, and all other sums to be paid hereunder have been paid in full.

15. Lessee authorizes the Lessor to fill in descriptive material in connection with the Equipment, including, but not limited to, serial numbers, to date the Lease, and to correct any patent errors.

16. At request of Lessor, Lessee will join Lessor in executing all such documents and other instruments including financing statements pursuant to the Uniform Commercial Code as may be necessary or desirable to evidence Lessor's ownership of the Equipment. Lessee authorizes Lessor and Lessor's assignee and each subsequent assignee to file a financing statement signed only by Lessor or such assignee in all places where necessary to perfect Lessor's security interest in all jurisdictions where such authorization is permitted by law. Upon request of Lessor or any assignee hereof, Lessee agrees to deliver from time to time but not more often than once in each six month period during the term of this Lease, such information regarding its business affairs and financial condition as may be reasonably requested.

17. The foregoing represents the entire lease between the parties. This Lease may not be modified or changed orally but only by a writing signed by both parties. This Lease shall be binding upon the parties hereto and their respective successor and assigns. The parties agree that the interpretation and

legal effect of this Lease shall be governed by the laws of the Commonwealth of Massachusetts. Notices, when required hereunder, shall be in writing by prepaid mail, addressed to either of the parties at the addresses designated above, or at such other addresses as may be designated by the parties during the term of this Lease by written notice addressed to the other party and sent by prepaid mail.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.

PIZZERIA REGINA OF FLORIDA,  
INC.

H.C.B. CORPORATION

By \_\_\_\_\_  
George R. Chapdelaine,  
President and Treasurer

By \_\_\_\_\_

## EQUIPMENT LEASE

This LEASE is made in the Commonwealth of Massachusetts, on March 17, 1998 between H.C.B. CORPORATION, a duly organized and existing Massachusetts corporation, having a principal place of business at 280 Atlantic Avenue, Boston, MA 02110 (herein called the "Lessor"), and OCEAN, INC. a duly organized and existing Massachusetts corporation, having a place of business at the Auburn Mall, Auburn, Massachusetts doing business under the name and style of Pizzeria Regina (herein called the "Lessee"), wherein it is agreed as follows:

1. The Lessor leases to Lessee and the Lessee rents from Lessor the equipment ("Equipment") listed in the schedule hereto annexed, marked Exhibit "A" and made a part hereof. Each item of Equipment listed is hereinafter called an "Item", together with any parts, mechanisms and devices relating thereto or used in connection therewith, attached to or delivered with the Equipment, or thereafter attached to or used in connection therewith. The Lessor warrants and represents to the Lessee that the Lessor has the authority to enter into this Equipment Lease.

2. Lessor has not made and does not make any representation, warranty or covenant, express or implied, with respect to the merchantability, fitness, condition, quality or durability of any item of Equipment for Lessee's purposes, or any other representation, warranty, or covenant, express or implied, with respect to the leased Equipment or any part thereof; Lessee hereby disclaims any and all liability of Lessor with respect thereto. Lessor shall not be liable or responsible to Lessee for any damage, defect, failure to meet specifications, late delivery, failure to deliver or shortage in respect to any item leased hereunder, or for failure of the supplier to properly install or assemble any item, or for the failure of the supplier thereof for any reason whatsoever, to comply with the terms of any purchase order. Lessee agrees to look only to such supplier and/or to any carrier of the item in respect thereto. Lessee agrees that Lessor shall not be liable or responsible to Lessee for any claim, loss, damage, liability or expense of any kind or nature caused, directly or indirectly, by the leased Equipment or any part thereof, or the inadequacy thereof for any purpose, or any defect or deficiency therein, or the use, operation, or storage thereof, or the interruption or loss of the service or use thereof, or arising from any other reason or cause whatsoever relating to or concerning the leased Equipment, or any part thereof. Lessor assigns to Lessee all rights under any manufacturer's warranties or guarantees, including any and all rights of subrogation and any claims in connection with any defects as to the Equipment.

3. The term of this Lease is for a period of five (5) years to commence on March 17, 1998, and to end on March 16, 2003. The Lessee shall pay to the Lessor, its successors and assigns, rental as follows: \$1,985.70 on or before March 17, 1998, and an equal amount on the same date of each month thereafter until February 17, 2003. On March 17, 2003, Lessee may purchase the Equipment

upon payment to the Lessor of \$8,346.80. Upon such payment, the Lessor agrees to execute and deliver to the Lessee a Warranty Bill of Sale for the Equipment in the form attached hereto as Exhibit B.

4. In the event the Lessee shall not exercise its option as hereinbefore set forth, the Lessee shall, upon the expiration of the term of this Lease, ship all of the Equipment (a) by delivering such Item at Lessee's expense to such place as Lessor shall specify within the city or county in which the same is then permanently located, or (b) by loading such Item at Lessee's expense on board such carrier as Lessor shall specify and shipping the same, freight collect, to destination designated by Lessor. At the end and/or termination of this Lease, the Lessee shall surrender such Equipment to the Lessor in good order and condition, reasonable wear and tear resulting from its proper use alone excepted.

5. Equipment leased hereunder shall be located and used at the location of the Lessee set forth above unless Lessor shall consent in writing to the removal to a different location. The Lessee agrees to use its good faith and reasonable efforts to furnish to Lessor, when required, a landlord's waiver of distraint for rent and consent to remove all of the Equipment if any of the above Equipment is affixed or to be affixed to realty during the rental period, such release to be furnished prior to such affixation. Notwithstanding anything hereinabove contained, the Equipment shall remain the personal property of the

Lessor until the Lessee exercises its purchase option and pays the purchase option price at which time the Equipment shall become the personal property of the Lessee. Lessor represents and warrants, and Lessee acknowledges, that the Equipment covered by this Lease is owned by the Lessor, and such title shall remain in the Lessor at all times. The Lessee shall give the Lessor immediate notice in the event that any of the Equipment is levied upon or is about to become liable or is threatened with seizure, and the Lessee shall indemnify the Lessor against all loss and damages caused by such action. Upon the expiration of this Lease or termination for any reason whatsoever, the Lessor shall have the right and privilege to remove its Equipment, in whole or in part, without liability therefor.

6. The parties hereto agree that this Lease is a net lease, and that Lessee shall pay, without notice or demand, the rent reserved under paragraph 3 hereof, and all other sums payable under any other provision of this Lease, as and when the same shall be due and payable; and the Lessee further agrees that it shall pay promptly all costs, expenses and obligations of every kind and nature relating to the Equipment which may arise or become due during the term of this Lease, whether or not specifically mentioned herein. No such rental or other sums payable by Lessee pursuant to this Lease shall be subject to set-off, deduction, counterclaim or abatement, nor shall this Lease terminate, nor shall Lessee be entitled to any credit against such rental or other sums, for any reason whatsoever, including but not in any way limited to: any damage to or

destruction of the Equipment or any item thereof; any limitation, restriction, deprivation or prevention of, or any interference with, Lessee's use of the Equipment or any item thereof, whether the same shall be lawful or unlawful; any dispossession of Lessee from the Equipment or any item thereof by title paramount or otherwise; the requisition or taking by statute or by exercise of the power of eminent domain or other governmental authority or otherwise, or by injunction or by any private person, of the Equipment or any item thereof; the prohibition of Lessee's business, in whole or in part, whether pursuant to law or otherwise; or any reason whether similar or dissimilar to the foregoing, unless caused by an act or omission of Lessor, its agents, employees, or contractors. Lessee shall be entitled to the possession and use of the Equipment during the term of and pursuant to the provisions of this Lease so long as no event of default has occurred.

7. The Lessee agrees to use the leased Equipment only in good operating condition. The Lessee shall obtain from the supplier and shall pay therefor, all duplicate parts, extras, mechanisms and devices of every kind needed or used in operating, repairing or renewing the leased Equipment and the same shall become part of the leased Equipment. Other than repairs made to the Equipment by the Lessee as required hereby, Lessee shall not otherwise make or allow to be made any addition, subtraction or alteration to, from or in the leased Equipment without the written consent of Lessor, but Lessor shall not be responsible for delay on providing, or for failure to provide any such item or items.

8. (A) No loss or damage to the Equipment or any part thereof, unless caused by an act or omission of Lessor, its agents, employees, or contractors shall impair any obligation of Lessee under this Lease which shall continue in full force and effect. Lessee shall, at its own expense, keep the Equipment insured against all risks of loss or damage from every cause whatsoever for not less than the then fair market value of said Equipment. If any Equipment is determined by Lessor to be lost, stolen, destroyed or damaged in whole or in part, Lessee at its option and at its expense, shall within (30) days; (i) place the same in good repair, condition and working order, or (ii) replace the same with like Equipment in good repair, condition or working order and deliver to Lessor a bill of sale covering the replaced Equipment, or (iii) cause to be paid over to Lessor any insurance proceeds payable on account of such loss, theft or destruction.

(B) Lessee shall, at its own expense, carry public liability and property damage insurance covering the Equipment. Policies providing coverage against bodily injury and property damage shall provide for not less than \$1,000,000/\$2,000,000 insurance for injury to or death of one person, and, subject to that limit for each person, a total liability of \$1,000,000/\$2,000,000 for all persons injured or killed in the same accident and \$100,000 property damage or such higher limits as Lessor may require. Blanket coverage for liability and property damage may be provided by Lessee in lieu of the foregoing.

(C) All said insurance shall be in form and with companies approved by Lessor, and shall be in the joint names of Lessor and Lessee. Lessee shall pay the premiums therefor and deliver said policies, or duplicates thereof, to

Lessor. Each insurer shall agree by endorsement upon the policy or policies issued by it or by independent instrument furnished to Lessor, that it will give Lessor twenty (20) days' written notice

before the policy in question shall be altered or cancelled. With respect to any insurable loss of the Equipment, the proceeds of such insurance, other than liability insurance, at the option of Lessee, shall be applied (a) toward the replacement, restoration or repair of the Equipment, or (b) toward payment of the obligations of Lessee hereunder. Lessee assigns to Lessor all moneys to the extent due and owing to the Lessor under this Lease with respect to any insurable loss of Equipment which may become due under any policy covering the Equipment, and directs the insurance company to make payment directly to Lessor or its assignee.

(D) If Lessee fails to secure, maintain and pay for such insurance coverage, and furnish Lessor with evidence satisfactory to it of such insurance coverage having been obtained, maintained and paid for by Lessee within ten (10) days of written request therefor, such failure on Lessee's part shall constitute an event of immediate default.

(E) Lessee assumes all risks and liability, whether or not covered by insurance, for loss or damage to the Equipment and for injuries or deaths of persons and damage to property, howsoever arising from or incident to the use, operation or storage of the items leased hereunder, whether such injury or death to persons be of agents or employees of the Lessee or of third parties, and whether such damage to property be of Lessee or of others unless the same is caused by an act or omission of Lessor, its agents, employees, or contractors. Lessee agrees to indemnify, save and hold Lessor harmless from all losses, damages, claims, penalties and expenses, including attorneys' fees, however arising or incurred, because of or incident to any item or the real or alleged use, operation or storage thereof.

9. Lessee agrees to grant and provide Lessor and/or its representatives free access to premises at all times during the process of delivery and/or removal of Equipment. Employees of the Lessor shall have access to and may inspect said Equipment at all reasonable times, which shall be upon at least twenty-four (24) hours' advance notice except in the case of emergencies, during normal business hours, and at any location, during the lease period. Lessee agrees, whenever requested by Lessor, to give Lessor the exact location of all Equipment covered by this Lease, if removed to any other location than as stated herein.

10. Lessee shall pay all taxes of every kind and nature imposed or levied by any taxing authority in connection with the ownership of the Equipment by Lessor, the leasing, use possession and operation of Equipment and payment of rentals therefor, including but not limited to, all federal, state and local taxes and other governmental charges, however designated, levied or assessed

upon the Lessee and Lessor or either of them or said Equipment, or upon the use or operation thereof, sales or use taxes, allocable privilege or allocable franchise taxes measured by or based on gross revenue, personal property taxes assessed on the Equipment of the Lessor, but excluding Lessor's income and franchise taxes. A default under this paragraph shall be deemed a default under this Lease. If Lessee does not pay any of such taxes and Lessor becomes obligated to or at its option, pays the same, the Lessee shall pay the Lessor the amount thereof on demand, together with any penalties or interest thereon, all with interest at the rate of 15% per annum, and the same shall be deemed additional rent. Lessee shall provide all permits and licenses necessary for the installation, operation and use of the Equipment or any parts thereof. Lessee will comply with all laws, regulations and ordinances applicable to the installation, use, possession and operation of the Equipment. If compliance with any ordinance, rule, regulation or permit by any governmental agency, requires changes or additions to be made on or to the aforesaid Equipment, such changes or additions shall be made by the Lessee at its own expense.

11. Without the prior written consent of Lessor, Lessee shall not assign, transfer, pledge or hypothecate this Lease, the Equipment or any part thereof, or any interest therein, or sublet or lend the Equipment or any part thereof, or permit the Equipment or any part thereof to be used by anyone other than Lessee. Consent by the Lessor to any of the foregoing prohibited acts applies only in the given instance. Any such attempted action by Lessee either by voluntary or involuntary act or by operation of law or otherwise, shall constitute an event of immediate default. Neither this Lease or Lessee's interest therein, is assignable or transferable by operation of law. If Lessee is adjudged a bankrupt or makes an assignment for the benefit of creditors, or a receiver is appointed for Lessee, this Lease shall not be treated as an asset of Lessee and Lessor may exercise any and all remedies provided in paragraph 13 hereof.

12. (A) It is understood that Lessor may assign this Lease and/or mortgage the Equipment, and that any assignee may assign the same. All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, without notice to or consent of the Lessee. If Lessor assigns this Lease or the rentals due or to become due hereunder or any other interest herein, whether as security for any of its indebtedness or otherwise, Lessee agrees, after notice of such assignment has been given by Lessor or such assignee to Lessee, that this agreement may not be terminated and the terms and provisions thereof may not be altered, modified or waived without the prior written consent of the assignee, and Lessee further agrees unconditionally to pay to the assignee the rentals, or amounts equal to such rentals, and all other sums which may be or become due hereunder directly to such assignee, notwithstanding any of the terms of this Lease which might relieve the Lessee from the payment of rentals hereunder, or the termination of this Lease for any reason or any other event whatsoever including without limitation the bankruptcy or insolvency of the Lessor or any disaffirmance of



this Lease by any trustee or receiver, and notwithstanding any defense, set off or counterclaim whatsoever whether by reason of breach of this Lease or otherwise, which Lessee may or might now or hereafter have as against Lessor, Lessee reserving its rights to have recourse directly against Lessor on account of any such defense, set off or counterclaim. Lessee's undertaking with respect to any such assignee shall constitute a direct, independent and unconditional obligation of Lessee to such assignee. The receipt by such assignee of such payments shall discharge the obligations of Lessee to Lessor hereunder to the extent thereof.

(B) All rights, powers and privileges and obligations of Lessor hereunder shall be succeeded to by the assignee under any assignment. Lessee agrees to execute any and all documents including, but not limited to, consent to assignment, presented to it by Lessor to enable Lessor to effect the foregoing. After notice to Lessee of any such assignment, Lessee agrees that it shall possess and use the Equipment subject to the Assignee's interest therein.

13. In the event Lessee shall default in the payment of any rent, additional rent, or any other sums due hereunder for a period of fifteen (15) days, or in the event of any default or breach of the other terms and conditions of this Lease continuing for fifteen (15) days after written notice of default, or any other lease between the parties hereto, or if any execution or other writ or process shall be issued in any action or proceeding, against the Lessee, whereby the said Equipment may be taken or distrained, or if a proceeding in bankruptcy, receivership or insolvency shall be instituted by or against the Lessee or its property, or if the Lessee shall enter into any agreement or composition with its creditors, breach any of the terms of any loan or credit agreement, or default thereunder, then and in that event Lessor and its assignee shall have all remedies available at law without being required to elect among Lessor's remedies, and without limiting the foregoing, in addition shall have the following rights and remedies to the extent permitted by law: (a) all obligations, including any note issued in connection herewith, shall immediately become due and payable at the option of the holder hereof without notice or demand; (b) The holder hereof or its representative may enter the premises where any of the Equipment may be located, and take and carry away the same with or without legal process to the holder's place of storage; (c) sell the Equipment at public or private sale, whether or not the Equipment is present at such sale and whether or not the Equipment is in constructive possession of the holder or the person conducting the sale, in one or more sales, as an entirety or in parcels, for the best price that the holder can obtain, and upon such terms as the holder may deem desirable; (d) the holder hereof may be the purchaser at any such sale; (e) require Lessee to pay all expenses of such sale, taking, keeping and storage of the Equipment, including reasonable attorney's fees; (f) apply the proceeds of such sale to all expenses in connection with the taking and sale of the Equipment, and any balance of such proceeds may be applied toward the payment of the obligations in such order of application as the holder may from time to time elect; (g) upon holder's demand Lessee agrees, at Lessee's expense, to assemble the Equipment at a convenient place acceptable to both parties; and (h) exercise any one or more rights or remedies accorded by law and the Uniform Commercial Code. If the proceeds of any such sale are insufficient to pay the expenses as aforesaid and the obligations, the Lessee agrees to pay any



deficiency to the holder hereof upon demand, and if such proceeds are more than sufficient to pay such expenses and the obligations, the holder agrees to pay surplus to Lessee. If this contract is referred to an attorney to enforce collection Lessee agrees to pay reasonable attorney's fees and costs. Whenever any payment is not made when due hereunder, Lessee promises to pay to Lessor its assignee not later than one month thereafter an amount calculated at the rate of five cents per dollar of each such delayed payment

if allowed by law. In the event of litigation of any matter connected with this Lease or resulting from transactions hereunder, the right of a trial by jury is hereby waived by the Lessee.

14. The omission by the Lessor at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Lessee at any time designated, shall not be a waiver of any such default or right to which the Lessor is entitled, nor shall it in any way affect the rights to which the Lessor is entitled, nor shall it in any way affect the rights of the Lessor to enforce such provisions thereafter. The Lessor may exercise all remedies, successively or concurrently, pursuant to the terms hereof, and any such action or inaction shall not operate to release the Lessee until the full amount of the rentals due and to become due, and all other sums to be paid hereunder have been paid in full.

15. Lessee authorizes the Lessor to fill in descriptive material in connection with the Equipment, including, but not limited to, serial numbers, to date the Lease, and to correct any patent errors.

16. At request of Lessor, Lessee will join Lessor in executing all such documents and other instruments including financing statements pursuant to the Uniform Commercial Code as may be necessary or desirable to evidence Lessor's ownership of the Equipment. Lessee authorizes Lessor and Lessor's assignee and each subsequent assignee to file a financing statement signed only by Lessor or such assignee in all places where necessary to perfect Lessor's security interest in all jurisdictions where such authorization is permitted by law. Upon request of Lessor or any assignee hereof, Lessee agrees to deliver from time to time but not more often than once in each six month period during the term of this Lease, such information regarding its business affairs and financial condition as may be reasonably requested.

17. The foregoing represents the entire lease between the parties. This Lease may not be modified or changed orally but only by a writing signed by both parties. This Lease shall be binding upon the parties hereto and their respective successor and assigns. The parties agree that the interpretation and legal effect of this Lease shall be governed by the laws of the Commonwealth of Massachusetts. Notices, when required hereunder, shall be in writing by prepaid mail, addressed to either of the parties at the addresses designated above, or at such other addresses as may be designated by the parties during the term of

this Lease by written notice addressed to the other party and sent by prepaid mail.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.

OCEAN, INC.

H.C.B. CORPORATION

By \_\_\_\_\_  
George R. Chapdelaine,  
President and Treasurer

By \_\_\_\_\_

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTS

WE HEREBY CONSENT TO THE INCORPORATION BY REFERENCE TO THE COMPANY'S PREVIOUSLY FILED REGISTRATION STATEMENT ON FORM S-8 OF OUR REPORT DATED JUNE 17, 1998 RELATING THE CONSOLIDATED FINANCIAL STATEMENTS OF BOSTON RESTAURANT ASSOCIATES, INC. APPEARING IN THE COMPANY'S ANNUAL REPORT ON FORM 10-KSB FOR THE YEAR ENDED APRIL 26, 1998.

BDO SEIDMAN, LLP

BOSTON, MASSACHUSETTS  
JULY 17, 1998

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<CIK> 0000926295

<NAME> BOSTON RESTAURANT ASSOCIATES, INC.

<MULTIPLIER> 1

<CURRENCY> U.S. DOLLARS

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<MULTIPLIER> 1

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<CIK> 0000926295

<NAME> BOSTON RESTAURANT ASSOCIATES, INC.

<MULTIPLIER> 1

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<CIK> 0000926295

<NAME> BOSTON RESTAURANT ASSOCIATES, INC.

<MULTIPLIER> 1

<CURRENCY> U.S. DOLLARS

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<NAME> BOSTON RESTAURANT ASSOCIATES, INC.

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<CIK> 0000926295

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<CIK> 0000926295

<NAME> BOSTON RESTAURANT ASSOCIATES, INC.

<MULTIPLIER> 1

<CURRENCY> U.S. DOLLARS

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