U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-KSB

(Mark One)
[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Fiscal Year Ended: December 31, 1998

or

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ To ________________

Commission file number 33-20111

Eat at Joe's Ltd.
(Name of small business issuer in its charter)

Delaware	75-2636283
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

670 White Plains Road, Suite 120, Scarsdale, New York 10583
(Address of principal executive offices) (Zip code)

Issuer's telephone number (914) 725-2700

Securities registered under Section 12(b) of the Act: NONE
Securities registered under Section 12(g) of the Act:

Common Stock Par Value $0.0001
(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

Total pages: 20
Exhibit Index Page: 18

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

State issuer's revenues for its most recent fiscal year. $2,519,255

As of March 1, 1999, there were 16,776,769 shares of the Registrant's common stock, par value $0.0001, issued and outstanding and 1,186,400 warrants and 61,350 options to purchase common stock at $0.50 to $1.79 per share. The aggregate market value of the Registrant's voting stock held by non-affiliates of the Registrant was approximately $10,103,747 computed at the average bid and asked price as of March 1, 1999.

DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"): NONE

Transitional Small Business Disclosure Format (check one): Yes ; NO X

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PART I

ITEM 1 DESCRIPTION OF BUSINESS

General

The business of Eat at Joe's, Ltd. (the "Company") is to develop, own and operate theme restaurants called "Eat at Joe's (R)." The theme for the restaurants is an "American Diner" atmosphere where families can eat wholesome, home-cooked food in a safe friendly atmosphere. Eat at Joe's, the classic American grill, is a restaurant concept that takes you back to eating in the era when favorite old rockers were playing on chrome-spangled jukeboxes and neon signs reflected on shiny tabletops of the 1950's.

The Company presently owns and operates eight theme restaurants: four restaurants located in Philadelphia, Pennsylvania; one each in Cherry Hill, Moorestown and Vorhees, New Jersey and one in Baltimore, Maryland. The Company is planning to open at least three additional restaurants during 1999. All restaurants will be located in high traffic locations. The restaurants will be modest priced restaurants catering to the local working and residential population rather than as a tourist destination.

The Company's common stock is traded on the National Association of Security Dealers, Inc. (the "NASD's") OTC Bulletin Board Under the symbol "JOES."

History

The company was incorporated as Conceptualistics, Inc. on January 6, 1988 in Delaware as a wholly owned subsidiary of Halter Venture Corporation ("HVC"), a publicly-owned corporation (now known as Debbie Reynolds Hotel and Casino, Inc.) In 1988, HVC divested itself of approximately 14% of its holdings in the Company by distributing 1,777,000 shares of the issued and outstanding stock of the Company to its shareholders. The then majority shareholder of HVC became the majority shareholder of the Company. Its authorized capital stock is 50,000,000 shares of common stock, par value $0.0001 per share and 10,000,000 shares of preferred stock, par value $0.0001 per share.

During the period from September 30, 1988 to March 1, 1990, the company remained in the development stage while attempting to enter the mining industry. The Company acquired certain unpatented mining claims and related equipment necessary to mine, extract, process and otherwise explore for kaolin clay, silica, feldspar, precious metals, antimony and other commercial minerals from its majority stockholder and unrelated third parties. The Company was unsuccessful in these start up efforts and all activity ceased during 1992 as a result of foreclosure on various loans in default and/or abandonment of all *assets.*

From March 1, 1990 to January 1 , 1997, the Company did not engaged in any business activities.

On January 1 , 1997, the Shareholders adopted a plan or reorganization and merger between the Company and E. A. J. Holding Corp. Inc. ("Hold") to be effective on or before January 31, 1997. Under the plan, the Company acquired all the issued and outstanding shares of "Hold", a Delaware corporation making "Hold" a wholly owned subsidiary of the Company for 5,505,000 common shares of the Company.

The Company through its wholly owned subsidiary, Hold, has ten wholly owned subsidiaries:

- *E.A.J. PHL Airport, Inc. a Pennsylvania corporation,*
- *Eat At Joe's U. of P., Inc. a Pennsylvania corporation,*
- *E.A.J. Cherry Hill, Inc., a New Jersey corporation,*
- *Eat At Joe's Harborplace, Inc., a Maryland corporation,*
- *Eat At Joe's Neshaminy, Inc. a Pennsylvania corporation,*
- *Eat At Joe's Plymouth, Inc., a Pennsylvania corporation,*
- *E.A.J. Echelon Mall, Inc., a New Jersey corporation,*
- *E.A.J. Gallery, Inc., a Pennsylvania corporation,*
- *E.A.J. Moorestown, Inc., a New Jersey corporation,*
- *E.A.J. Shoppingtown, Inc., a New York corporation,*
- *Eat at Joe's U of P 40th Street, Inc., a Pennsylvania corporation,*
- *Eat at Joe's Owings Mills, Inc., a Maryland corporation..*

Each of the subsidiaries will operate a single restaurant. Two restaurants, E.A.J. Cherry Hill and Eat At Joe's U. of P. were opened November and December 1997, two additional restaurants, E.A.J. Echelon Mall and E.A.J. PHL Airport were opened May 1998, Eat at Joe's U of P 40th Street opened July 1998, E.A.J. Gallery opened August 1998, Eat At Joe's Harborplace opened September 1998, and E.A.J. Moorestown opened October 1998.

The principal executive offices of the Company are located at 670 White Plains Road, Suite 118, Scarsdale, NY 10583. The Company also has an office in Cherry Hill, New Jersey, where the restaurant operations are managed.

OPERATING LOSSES

The Company has incurred net losses of approximately $1,081,000 and $299,000 for the fiscal years ended December 31, 1998 and December 31, 1997, respectively. Such operating losses reflect developmental and other start-up activities. The Company expects to incur losses in the near future until profitability is achieved. The Company's operations are subject to numerous risks associated with establishing any new business, including unforeseen expenses, delays and complications. There can be no assurance that the Company will achieve or sustain profitable operations or that it will be able to remain in business.

FUTURE CAPITAL NEEDS AND UNCERTAINTY OF ADDITIONAL FUNDING

The Company was not in full operations during 1998 and thus, the revenues generated are not representative of those that will be generated once all units are operating. Revenues are not yet sufficient to support the Company's operating expenses and are not expected to reach such levels until the first or second quarter of 1999. Since the Company's formation, it has funded its operations and capital expenditures primarily through private placements of debt and equity securities. See "Recent Sales of Unregistered Securities." The Company expects that it will be required to seek additional financing in the future. There can be no assurance that such financing will be available at all or available on terms acceptable to the Company.

GOVERNMENT REGULATION

The Company is subject to all pertinent Federal, State, and Local laws governing its business. Each Eat at Joe's is subject to licensing and regulation by a number of authorities in its State or municipality. These may include health, safety, and fire regulations. The Company's operations are also subject to Federal and State minimum wage laws governing such matters as working conditions, overtime and tip credits.

RISK OF LOW-PRICED STOCKS

Rules 15g-1 through 15g-9 promulgated under the Securities Exchange Act of 1934 (the "Exchange Act") impose sales practice and disclosure requirements on certain brokers and dealers who engage in certain transactions involving "a penny stock."

Currently, the Company's Common Stock is considered a penny stock for purposes of the Exchange Act. The additional sales practice and disclosure requirements imposed on certain brokers and dealers could impede the sale of the Company's Common Stock in the secondary market. In addition, the market liquidity for the Company's securities may be severely adversely affected, with concomitant adverse effects on the price of the Company's securities.

Under the penny stock regulations, a broker or dealer selling penny stock to anyone other than an established customer or "accredited investor" (generally, an individual with net worth in excess of $1,000,000 or annual incomes exceeding $200,000, or $300,000 together with his or her spouse) must make a special suitability determination for the purchaser and must receive the purchaser's written consent to the transaction prior to sale, unless the broker or dealer or the transaction is otherwise exempt. In addition, the penny stock regulations require the broker or dealer to deliver, prior to any transaction involving a penny stock, a disclosure schedule prepared by the Securities and Exchange Commission (the "SEC") relating to the penny stock market, unless the broker or dealer or the transaction is otherwise exempt. A broker or dealer is also required to disclose commissions payable to the broker or dealer and the registered representative and current quotations for the Securities. In addition, a broker or dealer is required to send monthly statements disclosing recent price information with respect to the penny stock held in a customer's account and information with respect to the limited market in penny stocks.

LACK OF TRADEMARK AND PATENT PROTECTION

The Company relies on a combination of trade secret, copyright and trademark law, nondisclosure agreements and technical security measures to protect its products. Notwithstanding these safeguards, it is possible for competitors of the company to obtain its trade secrets and to imitate its products. Furthermore, others may independently develop products similar or superior to those developed or planned by the Company.

COMPETITION

The Company faces competition from a wide variety of food distributors, many of which have substantially greater financial, marketing and technological resources than the Company.

EMPLOYEES

As of March 25, 1999, the Company had approximately 160 employees, none of whom is represented by a labor union.

ITEM 2 DESCRIPTION OF PROPERTY

Since 1992 all administrative activities of the Company have been conducted by corporate officers from either their home or business offices. Currently, there are no outstanding debts owed by the Company for the use of these facilities and there are no commitments for future use of the facilities.

The company's wholly-owned subsidiary, E.A.J. Shoppingtown, Inc. leases approximately 2,453 square feet in the Shoppington Mall, DeWitt, New York pursuant to a shopping center lease dated January 1, 1998. E.A.J. Shoppingtown pays $4,167 per month rent under the lease which expires December 21, 2012.

The Company's wholly-owned subsidiary, Eat At Joe's Cherry Hill, Inc. leases approximately 660 square feet in the Cherry Hill Mall, Cherry Hill, New Jersey pursuant to a shopping center lease dated October 1, 1997. Eat At Joe's Cherry Hill pays $4,400 per month rent under the lease which expires September 30, 2007.

The Company's wholly-owned subsidiary, Eat At Joe's Gallery, Inc. leases approximately 2,000 square feet in the Gallery at Market East, Philadelphia, Pennsylvania pursuant to a shopping center lease dated August 1, 1997. Eat At Joe's Gallery pays $4,167 per month rent under the lease which expires December 31, 2007.

The Company's wholly-owned subsidiary, E.A.J. Moorestown, Inc. leases approximately 3,683 square feet in the Moorestown Mall, Moorestown, New Jersey pursuant to a shopping center lease dated July 1, 1997. The Company pays $6,250 per month rent under the lease which expires June 30, 2012.

The Company's wholly-owned subsidiary Eat At Joe's U. of P., Inc. leases approximately 456 square feet in the Shoppes at Penn, Philadelphia, Pennsylvania pursuant to a prime lease dated October 30, 1997. Eat at Joe's U. of P. pays $1,710 per month rent under the lease which expires December 31, 2008.

The Company's wholly-owned subsidiary E.A.J. Echelon Mall, Inc. leases approximately 470 square feet in the Echelon Mall, Vorhees, New Jersey pursuant to a shopping center lease dated February 3, 1998. E.A.J. Echelon Mall pays $1,950 per month rent under the lease which expires January 2006.

The Company's wholly-owned subsidiary E.A.J. PHL Airport, Inc. leases approximately 845 square feet in the Philadelphia Airport, Philadelphia, Pennsylvania pursuant to a lease dated April 30, 1997. E.A.J. PHL Airport pays $7,100 per month rent under the lease which expires April 2007.

The Company's wholly-owned subsidiary Eat at Joe's U of P 40th Street, Inc. leases approximately 4,000 square feet in the Eat at Joe's University City Diner, Philadelphia, Pennsylvania pursuant to a lease dated April 21, 1998. Eat at Joe's U of P 40th Street pays $6,667 per month rent under the lease which expires December 2008.

The Company's wholly-owned subsidiary Eat at Joe's Harborplace, Inc. leases approximately 2,530 square feet in the Gallery at Harbor Place, Baltimore, Maryland pursuant to a lease dated November 6, 1997. Eat at Joe's Harborplace pays $8,333 per month rent under the lease which expires March 2008.

The Company's wholly-owned subsidiary Eat at Joe's Neshaminy, Inc. leases approximately 4,500 square feet in the Neshaminy Mall, Bensalom, Pennsylvania pursuant to a lease dated December 23, 1997. Eat at Joe's Neshaminy pays $7,500 per month rent under the lease which expires July 2013.

The Company's wholly-owned subsidiary Eat at Joe's Plymouth, Inc. leases approximately 4,540 square feet in the Plymouth Meeting Mall, Plymouth Meeting, Pennsylvania pursuant to a lease dated October 29, 1997. Eat at Joe's Plymouth pays $12,500 per month rent under the lease which expires March 2008.

The Company's wholly-owned subsidiary E.A.J. Holding Corp, Inc. leases approximately 3,020 square feet in the Danbury Fair Mall, Danbury, Conneticut pursuant to a lease dated May 5, 1997. Eat at Joe's Owings Mills pays $11,080 per month rent under the lease which expires December 2013.

ITEM 3 LEGAL PROCEEDINGS

The Company is not engaged in any legal proceedings other than the ordinary routine litigation incidental to its business operations, which the Company does not believe, in the aggregate, will have a material adverse effect on the Company, or its operations.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were subject to a vote of security holders during the year 1998.

PART II

ITEM 5 MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

The Company's Common Stock is traded on the NASD's OTC Bulletin Board under the symbol "JOES." The following table presents the high and low bid quotations for the Common Stock as reported by the NASD for each quarter during the last two years. Such prices reflect inter-dealer quotations without adjustments for retail markup, markdown or commission, and do not necessarily represent actual transactions.

1997:	High	Low
First Quarter	$ 5.63	$ 4.00
Second Quarter	$ 4.50	$ 2.00
Third Quarter	$ 3.50	$ 1.50
Fourth Quarter	$ 2.75	$ 0.82
1998:		
First Quarter	$ 2.04	$ 1.06
Second Quarter	$ 3.38	$ 1.40
Third Quarter	$ 1.78	$ 0.72
Fourth Quarter	$ 1.21	$ 0.41

DIVIDENDS

The Company has never declared or paid any cash dividends. It is the present policy of the Company to retain earnings to finance the growth and development of the business and, therefore, the Company does not anticipate paying dividends on its Common Stock in the foreseeable future.

The number of shareholders of record of the Company's Common Stock as of March 1, 1999 was approximately 432.

RECENT SALES OF UNREGISTERED SECURITIES

In November 1996, the Company raised $60,000 through the issuance 600,000 shares of its Common Stock and warrants to acquire 2,000,000 shares at an excise price of $1.00 per share. The offering was exempt from registration pursuant to Regulation D Section 504. In 1997, 900,000 warrants were exercised against payment of $900,000. During 1998, 40,000 warrants were exercised against a payment of $40,000.

In January, 1997 the shareholders of the Company adopted an agreement whereby 5,505,000 shares of the Company's Common Stock was exchanged for a 100% interest in E.A.J. Holding Corporation, Inc. Messrs. Joseph Fiore and Andrew Cosenza, Jr., the Company's Chairman and President, were the owners of all the outstanding shares of E.A.J. Holding Corporation, Inc. The Company issued its shares upon an exemption from registration under Section 4(2) of the Securities Act.

In March, 1998, the Company sold 51 shares of its Series A Convertible Preferred Stock to a total of 8 accredited investors pursuant to an exemption from registration under the Section 4(2) and/or Regulation D or as an alternative, Regulation S of the Act. The Company received proceeds of approximately $797,000 from the sale of the securities. As of the date of this prospectus the shares are convertible and warrants (issued in connection with the offering) exercisable into 1,700,725 shares of Common Stock of the Company.

On May 5 1998, the Company sold 30 shares of its Series B Convertible Preferred Stock to a total of 3 accredited investors pursuant to an exemption from registration under the Section 4(2) and/or Regulation D. The Company received proceeds of approximately $484,,000 from the sale of the securities. As of the date of this prospectus the shares are convertible and warrants (issued in connection with the offering) exercisable into 990,064 shares of Common Stock of the Company.

On May 21, 1998, the Company sold 34 shares of its Series B Convertible Preferred Stock to a total of 2 accredited investors pursuant to an exemption from registration under the Section 4(2) and/or Regulation D. The Company received proceeds of approximately $549,000 from the sale of the securities. As of the date of this prospectus the shares are convertible and warrants (issued in connection with the offering) exercisable into 433,916 shares of Common Stock of the Company. During September 1998 the company repurchased 19 shares for $450,000.

In September, 1998, the Company sold 14 shares of its Series C Convertible Preferred Stock to 2 accredited investors pursuant to an exemption from registration under the Section 4(2) and/or Regulation D. The Company received proceeds of approximately $239,000 from the sale of the securities. As of the date of this prospectus the shares are convertible and warrants (issued in connection with the offering) into 395,733 shares of Common Stock of the Company.

On July 31, and September 2, 1998, the Company sold its 8% convertible debenture in the aggregate principal amount of $1,500,000 to an accredited investor pursuant to an exemption from registration under Section 4(2) and/or Regulation D. The Company retained proceeds of approximately $933,000 from the sale of the securities and $450,000 was applied to the repurchase of 19 shares of Series B Convertible Preferred Stock sold to an investor on May 21, 1998. As of the date of this prospectus, the debentures are convertible and warrants (issued in connection with the offering) exercisable into 2,064,000 shares of Common Stock of the Company.

In September, 1998, the Company sold 20 shares of its Series D Convertible Preferred Stock to an accredited investors pursuant to an exemption from registration under the Section 4(2) and/or Regulation D. The Company received proceeds of approximately $350,000 from the sale of the securities. As of the date of this prospectus the shares are convertible and warrants (issued in connection with the issuance of the shares) into 539,000 shares of Common Stock of the Company.

ITEM 6 MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Plan of Operations - Eat at Joe's Ltd. Intends to open and operate theme restaurants styled in an "American Diner" atmosphere where families can eat wholesome, home cooked food in a safe friendly atmosphere. Eat at Joe's, the classic American grill, is a restaurant concept that takes you back to eating in the era when favorite old rockers were playing on chrome-spangled jukeboxes and neon signs reflected on shiny tabletops of the 1950's. Eat at Joe's fulfills the diner dream with homey ambiance that's affordable while providing food whose quality and variety is such you can eat there over and over, meal after meal. To build on the diner experience, a retail section in each Eat at Joe's would allow customers to take the good feelings home with them, in the form of 50's memorabilia.

The Company's expansion strategy is to open restaurants either through Joint Venture agreements or Company owned units. Units may consist of a combination of full service restaurants or food court locations. Restaurant construction will take from 90-150 days to complete on a leased site.

In considering site locations, the Company concentrates on trade demographics, such as traffic volume, accessibility and visibility. High Visibility Malls and Strip Malls in densely populated suburbs are the preferred locations. The Company also scrutinizes the potential competition and the

profitability of national restaurant chains in the target market area. As part of the expansion program, the Company will inspect and approve each site before approval of any joint venture or partnership.

A typical food court unit is approximately 500 square feet, whereas for a full service operation it is approximately 3,500 square feet. Food court operation consists of a limited menu. A full service restaurant consists of 30-35 tables seating about 140- 150 people. The bar area will hold 6-8 tables and seats 30-35 people.

The restaurant industry is an intensely competitive one, where price, service, location, and food quality are critical factors. The Company has many established competitors, ranging from similar casual-style chains to local single unit operations. Some of these competitors have substantially greater financial resources and may be established or indeed become established in areas where the Eat at Joe's Company operates. The restaurant industry may be affected by changes in customer tastes, economic, demographic trends, and traffic patterns. Factors such as inflation, increased supplies costs and the availability of suitable employees may adversely affect the restaurant industry in general and the Eat at Joe's Company Restaurant in particular. Significant numbers of the Eat at Joe's personnel are paid at rates related to the federal minimum wage and accordingly, any changes in this would affect the Company's labor costs.

Results of Operations - From March 1, 1990 to December 12, 1995 the Company was an inactive corporation. From December 12, 1995 to November 1997 the Company was a development stage company and had not begun principal operations. During November and December, 1997 two restaurants were opened and began operations. Accordingly, comparisons with prior periods are not meaningful.

Total Revenues - For the years ended December 31, 1998 and 1997, the Company had total sales of approximately $2,519,000 and $85,000 respectively.

Costs and Expenses - For the years ended December 31, 1998 and 1997, the Company had a net loss of approximately $1,081,000 and $299,000 respectively. The net loss for 1998 and 1997 is largely attributable to additional expenses incurred as the Company increases its Corporate overhead structure for the development of additional locations supported by revenues from operating units two of which were open for business during November and December 1997, two of which were opened during May 1998, three were opened during the third quarter 1998 (1 per month), and one was opened during October 1998. Given the limited operations which took place in 1997, any discussion of operating expenses as a percentage of sales would not be meaningful and might be misleading.

LIQUIDITY AND CAPITAL RESOURCES

The Company has met its capital requirements through the sale of its Common Stock and borrowings. In 1997, $900,000 was raised through the exercise of 900,000 warrants. The warrants are exercisable at $1 per share and expired in November 1998. Also, the Company has borrowed $995,000 including $690,000 from Messrs. Fiore and Cosenza. The net proceeds to the Company were used for

additional unit development and working capital.

For the year 1997 the Company provided $138,000 in cash flow for operating activities and during the year 1998, the Company used $599,000 in cash flow for operating activities.

Since the Company's re-activation in January, 1997, the Company's principal capital requirements have been the funding of (i) the development of the Company and its 1950's diner style concept, (ii) the construction of its existing units and the acquisition of the furniture, fixtures and equipment therein and (iii) towards the development of additional units. During 1998 and 1997 the company paid approximately $4,628,000 and $1,795,000, respectively for property and equipment..

During 1998, the Company has raised approximately $3,539,000 (net of issuance costs) through the sale of preferred stock and debentures, both of which are convertible into Common Stock of the Company. Also, the Company has borrowed $2,509,000 including $114,000 from Mr. Fiore. As of December 31, 1998, $452,000 remained due to Mr. Fiore. The net proceeds to the Company were used for additional unit development and working capital.

After the completion of these expansion plans, the Company expects future development and expansion will be financed through cash flow from operations and other forms of financing such as the sale of additional equity and debt securities, capital leases and other credit facilities. There are no assurances that such financing will be available on terms acceptable or favorable to the Company.

Government Regulations - The Company is subject to all pertinent Federal, State, and Local laws governing its business. Each Eat at Joe's is subject to licensing and regulation by a number of authorities in its State or municipality. These may include health, safety, and fire regulations. The Company's operations are also subject to Federal and State minimum wage laws governing such matters as working conditions, overtime and tip credits.

Year 2000 Compliance - The Company utilizes software and related technologies which have been programmed to recognize and properly process data fields containing a two digit year and commonly referred to as the Year 2000 Compliance issue. Management has concluded that a material effect on the Company's financial condition is not reasonably likely to occur as a result of Year 2000 issues. While the Company has little communication with the systems of its vendors and suppliers, it cannot measure the impact that the Year 2000 issue will have on such parties with which it conducts business.

ITEM 7 FINANCIAL STATEMENTS

The financial statements of the Company and supplementary data are included beginning immediately following the signature page to this report. See Item 13 for a list of the financial statements and financial statement schedules included.

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

There are not and have not been any disagreements between the Company and its accountants on any matter of accounting principles, practices or financial statements disclosure.

PART III

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

Executive Officers and Directors

The following table sets forth the name, age, and position of each executive officer and director of the Company:

Director's Name	Age	Office	Term Expires
Joseph Fiore	38	Chief Executive officer, Chairman of the Board of Directors/Secretary	Next Annual Meeting
James Mylock, Jr.	32	Director	Next Annual Meeting
Andrew Cosenza, Jr.	30	Director, Vice Chairman	Next Annual Meeting
Tim Matula	38	Director	Next Annual Meeting
Gino Naldini	47	President and Chief Operating Officer	Next Annual Meeting
Gary Usling	39	Chief Financial Officer	Next Annual Meeting

Joseph Fiore has been Chairman and Chief Executive Officer since October, 1996. In 1982, Mr. Fiore formed East Coast Equipment and Supply Co., Inc., a restaurant supply company that he still owns. Between 1982 and 1993, Mr. Fiore established 9 restaurants (2 owned and 7 franchised) which featured a 1959's theme restaurant concept offering a traditional American menu.

James Mylock, Jr. has worked with Joseph Fiore in marketing and business development since graduating from the State University of New York at Buffalo in 1990.

Andrew Cosenza, Jr. was formerly the President and Chief Operating Officer since October, 1996. Since 1990 he has been the owner of Cozco Management Corp., an operator of 35 mall food court restaurants in the Philadelphia area.

Tim Matula joined Shearson Lehman Brothers as a financial consultant in 1992. In 1994 he joined Prudential Securities and when he left Prudential in 1997, he was Associate Vice President, Investments, Quantum Portfolio Manager.

Gino Naldini became President and Chief Operating Officer of the Company in December, 1998. From 1967 through 1998, Mr. Naldini held various senior executive positions with Toronto-based CARA Operations, operator or more than 400 restaurants. The restaurants operated by CARA include Swiss Chalet, operator of chicken rotisserie restaurants and Harvey's, Canada's second largest hamburger chain. Mr. Naldini's last held position with CARA was that of Senior Director of Operations.

Mr. Usling has been Chief Financial Officer since January, 1999.From 1993 to 1998, he was employed with Penreal Capital Management, Inc. and his last held position as a Vice President. Peneral is a pension/real estate fund management company. From 1989 to 1993 he was Vice President of Acquisitions and Development for Co-operators Development Corporation, a real estate and insurance firm. From 1984 to 1989 was employed by The Canada Life Assurance Company as an accountant.

The Company's Certificate of Incorporation provides that the board of directors shall consist of from one to nine members as elected by the shareholders. Each director shall hold office until the next annual meeting of stockholders and until his successor shall have been elected and qualified.

Board Meetings and Committees

The Directors and Officers will not receive remuneration from the Company until a subsequent offering has been successfully completed, or cash flow from

operating permits, all in the discretion of the Board of Directors. Directors may be paid their expenses, if any, of attendance at such meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. No compensation has been paid to the Directors. The Board of Directors may designate from among its members an executive committee and one or more other committees. No such committees have been appointed.

Compliance with Section 16(a) of the Exchange Act

Based solely upon a review of forms 3, 4, and 5 and amendments thereto, furnished to the Company during or respecting its last fiscal year, no director, officer, beneficial owner of more than 10% of any class of equity securities of the Company or any other person known to be subject to Section 16 of the Exchange Act of 1934, as amended, failed to file on a timely basis reports required by Section 16(a) of the Exchange Act for the last fiscal year.

ITEM 10 EXECUTIVE COMPENSATION

None of the executive officer's salary and bonus exceeded $100,000 during any of the Company's last two fiscal years.

Employment Agreements

Effective January 1, 1997, the Company entered into an employment Agreement with Joseph Fiore (the "Fiore Employment Agreement") under which Joseph Fiore serves as chairman of the board and chief executive officer of the Company. Pursuant to the Fiore Employment Agreement, Mr. Fiore was to be paid $50,000 in 1997. He deferred $50,000 of his salary for the year 1997. Mr. Fiore will be paid a salary of $75,000 in 1998. In addition, Mr. Fiore will receive family health insurance coverage until age 70 and life insurance coverage until age 70 with a death benefit of $1,000,000 and the use of an automobile, with all expenses associated with the maintenance and operation of the automobile paid by the Corporation. Mr. Fiore deferred these benefits until after 1997.

Effective January 1, 1997, the Company entered into an employment agreement with Andrew A. Cosenza, Jr. (The"Cosenza Employment Agreement") under which Andrew A. Cosenza, Jr. serves as president and chief operating office of the Company as well as serve as a member of the Corporation's board of directors. Pursuant to the Cosenza Employment Agreement, Mr. Cosenza was paid $12,500. He deferred $37,500 of his salary for the year 1997. Mr. Cosenza will be paid a salary of $75,000 in 1998. In addition, Mr. Cosenza will receive the use of an automobile, with all expenses associated with the maintenance and operation of the automobile paid by the Corporation, family health insurance coverage to age 70 and life insurance coverage until age 70 with a death benefit of $1,000,000.

Mr. Cosenza deferred some of these benefits until after 1997 but did receive the use of the automobile for part of the year at a cost to the Company of approximately $16,000 .

ITEM 11 SECURITY OWNERSHIP OF BENEFICIAL OWNERS AND MANAGEMENT

Principal Shareholders

The table below sets forth information as to each person owning of record or who was known by the Company to own beneficially more than 5% of the 16,776,769 shares of issued and outstanding Common Stock of the Company as of March 1, 1999 and information as to the ownership of the Company's Stock by each of its directors and executive officers and by the directors and executive officers as a group. Except as otherwise indicated, all shares are owned directly, and the persons named in the table have sole voting and investment power with respect to shares shown as beneficially owned by them.

Name and Address of Beneficial Owners	Nature of Ownership	# of Shares Owned	Percent
Directors			
Joseph Fiore	Common Stock	2,879,384	17%
Andrew Cosenza, Jr.	Common Stock	2,591,000	15%
All Executive Officers and Directors as a Group (3 persons)	Common Stock	5,550,384	33%

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company utilized office space that is shared with companies controlled by two officers of the Company. During 1998 and 1997 Cozco Management received $36,387 and $546,574 respectively, as reimbursement for rent, telephone, equipment, travel, automotive salaries and other shared expenses. During 1998 and 1997 the two officers and/or companies controlled by the two officers paid expenses and made advances to the Company totaling $113,825 and $690,422

respectively. During 1998 the Company repaid advances of $364,292. As of December 31, 1998, $452,455 in advances was due to Mr. Fiore.

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

(a) The following documents are filed as part of this report.

2. Financial Statement Schedules

The following financial statement schedules required by Regulation S-X are included herein.

All schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits

The following exhibits are included as part of this report:

Exhibit Number	Title of Document
3.1	Articles of Incorporation(1)
3.2	By-laws(1)

4.1	Certificate of Designations-Series A Convertible Preferred Stock(1)
4.2	Certificate of Designations-Series B Convertible Preferred Stock(1)
4.3	Form of Warrant Agreement(1)
4.4	Certificate of Designations-Series C Convertible Preferred Stock(1)
4.5	Certificate of Designations-Series D Convertible Preferred Stock(1)
10.1	Consulting Agreement-Wall Street Group, Ltd.(1)
10.2	Indenture of Lease between University of Pennsylvania and Eat at Joe's U. of P., Inc.(1)
10.3	Lease Abstract between Cherry Hill Center, Inc.and Eat at Joe's Cherry Hill, Inc.(1)
10.4	Lease Abstract between Echelon Mall, Inc. and E.A.J. Eachelon Mall, Inc.(1)
10.5	Lease Information Form between E.A.J. PHL, Airport, Inc. and Marketplace Redwood Limited Partnership(1)
10.6	Lease Abstract between Eat at Joe's U. of P., Inc. and UCA Realty Group, Inc.(1)

10.7 Lease Abstract between Rouse Philadelphia, Inc. and Eat at Joe's Gallery, Inc.(1)
10.8 Lease Information Form between E.A.J. Enterprises, Inc. and First Fidelity Bank, N.A(1)
10.9 Lease Abstract between Eat at Joe's Harbor Place, Inc. and Baltimore Center, Inc.(1)
10.10 Lease Abstract between E.A.J. Shoppington, Inc. and Wilmorite, Inc.(1)
10.11 Lease Abstract between Eat at Joe's Neshaminy, Inc. and General Growth Properties, Inc.(1)
10.12 Lease Abstract between Eat at Joe's Plymouth Incorporate and Plymouth Meeting, Inc.(1)
10.13 Lease Abstract between E.A.J. Danbury, Inc. and Wilmorite, Inc.(1)
10.14 Registration of trade name for Eat at Joe's(1)
10.15 Registration Rights Agreement(1)
21 Subsidiaries of the Company(1)
23.1 Consent of Robison, Hill & Co.
27.1 Financial Data Schedule

(1) Incorporated by reference.

(b) No reports on Form 8-K were filed.

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on it behalf by the undersigned, thereunto duly authorized.

EAT AT JOE'S LTD.

Dated: March 31, 1999

By /S/ Joseph Fiore

Joseph Fiore,
C.E.O., Chairman, Secretary, Director

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on this 31st day of March 1999.

Signatures	Title
/S/ Joseph Fiore Joseph Fiore	C.E.O., Chairman, Secretary, Director (Principal Executive, Financial and Accounting Officer)
/S/ James Mylock, Jr. James Mylock, Jr.	Director
/S/ Andrew Cosenza, Jr. Andew Cosenza, Jr.	Director, Vice Chairman
/S/ Tim Matula Tim Matula	Director
/S/ Gino Naldini Gino Naldini	President, Chief Operating Officer and Director
/S/ Gary Usling Gary Usling	Chief Financial Officer and Director

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders

Eat At Joe's Ltd.

We have audited the accompanying consolidated balance sheets of Eat At Joe's Ltd., and subsidiaries (a Delaware corporation) as of December 31, 1998, and 1997 and the related consolidated statements of operations, changes in 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 Eat At Joe's Ltd., and subsidiaries as of December 31, 1998, and 1997, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Respectfully submitted,

/s/ Robison, Hill & Co.

Certified Public Accountants

Salt Lake City, Utah
March 25, 1999

EAT AT JOE'S LTD., AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

	1998	1997
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 133,957	$ 232,601
Receivables	25,861	--
Inventory	184,115	7,488
Other	21,310	400
Prepaid expense	8,333	30,993
Deposits	41,046	12,701
Total Current Assets	414,622	284,183
Property and equipment:		
Equipment	1,632,055	279,667
Office furniture	76,255	1,000
Leasehold improvements	4,767,308	1,527,099
	6,475,618	1,807,766
Less accumulated depreciation	(303,316)	(11,546)
	6,172,302	1,796,220
Other Assets:		
Intangible and other assets net of amortization of $13,400 and $2,150 for 1998 and 1997, respectively	141,437	234,569
Total Assets	$ 6,728,361	$ 2,314,972

EAT AT JOE'S LTD., AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1998 AND 1997
(Continued)

	1998	1997
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 488,632	$ 474,795
Short-term notes payable	635,000	264,940
Shareholders loans	452,455	702,922
Total Current Liabilities	1,576,087	1,442,657
Convertible Debentures, Net of Issue Costs	1,343,449	--
Total Liabilities	2,919,536	1,442,657
STOCKHOLDERS EQUITY		
Preferred stock - $0.0001 par value .... 10,000,000 shares authorized; 113 shares issued and outstanding	--	--
Common Stock - $0.0001 par value .... 50,000,000 shares Authorized .... 16,440,755 and 12,733,805 issued and Outstanding, respectively	1,644	1,273
Common Stock To Be Issued	131	--
Additional paid-in capital	7,213,400	2,244,299
Retained deficit	(3,406,350)	(1,373,257)
Total Stockholders' Equity	3,808,825	872,315
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,728,361	$ 2,314,972

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

<TABLE>
<CAPTION>

EAT AT JOE'S LTD., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1998, AND 1997

	1998	1997
<S>	<C>	<C>
Revenues	$ 2,519,255	$ 84,781
Cost of Revenues	702,481	38,009
Gross Margin	1,816,774	46,772
Expenses		
Labor and Related Expenses	1,168,225	106,346
Rent	288,639	15,860
Other General and Administrative	890,131	205,588
Income (Loss) Before Depreciation and Amortization	(530,221)	(281,022)
Depreciation and Amortization	305,170	13,696
Net Loss from Continuing Operations	(835,391)	(294,718)
Other Income (Expense)		

Interest income	576	3,759
Interest expense	(158,525)	(7,311)
Loss on sale of assets	--	(752)
Net Other Income (Expense)	(157,949)	(4,304)
Net Loss Before Income Taxes	(993,340)	(299,022)
Income Tax Expense (Benefit)	2,725	--
Net Loss Before Cumulative Effects of Accounting Change	(996,065)	(299,022)
Cumulative Effect of Accounting Change on Years Prior to 1998, Net of Taxes	(84,732)	--
Net Loss	(1,080,797)	(299,022)
Less: Preferred Dividends	952,296	--
Net Loss To Common Stockholders	$ (2,033,093)	$ (299,022)
Basic Loss Per Common Share:	$ (0.16)	$ (0.02)
Weighted Average Number of Common Shares	13,062,921	11,729,107

</TABLE>

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

<TABLE>
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EAT AT JOE'S LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 1998, AND 1997

	Preferred Stock		Common Stock To Be Issued		Common Stock		Additional Paid-in	Retained
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances at December 31, 1996	--	$ --	--	$ --	11,833,805	$ 1,183	$ 1,344,389	$(1,074,235)
March 1997, shares issued on exercise of warrants	--	--	--	--	400,000	40	399,960	--
April 1997, shares issued on exercise of warrants	--	--	--	--	300,000	30	299,970	--
November 1997 shares issued on exercise of warrants	--	--	--	--	200,000	20	199,980	--
Net loss for the year	--	--	--	--	--	--	--	(299,022)
Balance at December 31, 1997	--	--	--	--	12,733,805	1,273	2,244,299	(1,373,257)
March 1998, Series A Convertible Preferred shares	51	--	--	--	--	--	725,803	--
May 1998, Series B Convertible Preferred shares	64	--	--	--	--	--	967,903	--
May 1998, Series B Convertible Preferred shares canceled	(19)	--	--	--	--	--	(450,000)	--

</TABLE>

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<CAPTION>

Preferred Stock		Common Stock To Be Issued		Common Stock		Additional Paid-in	Retained
Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
September 1998, Series C Convertible Preferred shares	14	--	--	--	--	--	183,165	--
September 1998, Series B Preferred shares converted	(7)	--	--	--	211,737	22	(22)	--
September 1998, Series D Convertible Preferred shares	20	--	--	--	--	--	293,625	--
December 1998, Series B Preferred shares converted	(5)	--	--	--	330,782	33	(33)	--
December 1998, Series A Preferred shares converted	(5)	--	--	--	284,230	28	(28)	--
December 1998, shares issued in cancellation of short-term debt and associated interest	--	--	--	--	500,000	50	269,629	--
December 1998, shares issued in cancellation of short-term debt and associated interest	--	--	1,312,500	131	2,187,500	219	1,822,568	--

</TABLE>

<TABLE>
<CAPTION>

	Preferred Stock		Common Stock To Be Issued		Common Stock		Additional Paid-in	Retained
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
January through December 1998, shares issued in exchange for Leasehold Improvements	-- --		--	--	--	38,200	4	40,184
January through December 1998, shares issued in exchange for Services	--	--	--	--	--	154,501	15	164,011
Preferred dividend due to discounted conversion rates	--	--	--	--	--	--	952,296	(952,296)
Net loss for the year	--	--	--	--	--	--	--	(1,080,797)
Balance at December 31, 1998	113	--	1,312,500	$ 131	16,440,755	$ 1,644	$ 7,213,400	$(3,406,350)

</TABLE>

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

<TABLE>
<CAPTION>

EAT AT JOE'S LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998, AND 1997

	1998	1997
<S>	<C>	<C>
Cash Flows From Operating Activities		
Net loss for the period	$(1,080,797)	$ (299,022)
Adjustments to reconcile net loss to net cash		

Provided by operating activities		
Loss from sale of marketable securities	--	752
Depreciation and Amortization	305,170	13,696
Cumulative Effect of Accounting Change	84,732	--
Stock issued for services and expenses	246,623	--
Payment of organization costs	--	(78,124)
Decrease (Increase) in Receivables	(25,861)	70,000
Increase in inventory	(176,627)	(7,488)
Increase in other assets	(20,910)	(400)
Increase in prepaid expense	22,660	(27,018)
Decrease (increase) in deposits	(28,345)	(1,710)
Increase in accounts payable and accrued liabilities	(1,103)	467,560
Net Cash Provided by (Used in) Operating Activities	(674,458)	138,246
Cash Flows From Investing Activities		
Purchase of property and equipment	(4,627,664)	(1,795,271)
Purchase of intangible assets	(5,000)	--
Proceeds from sale of marketable securities	--	143,248
Purchase of marketable securities	--	(144,000)
Net Cash Provided by Investing Activities	(4,632,664)	(1,796,023)
Cash Flows From Financing Activities		
Issuance of common stock	--	900,000
Issuance of convertible preferred stock	2,170,496	--
Purchase of convertible preferred stock	(450,000)	--
Proceeds from convertible debenture	1,343,449	--
Advances from majority stockholders	113,825	690,422
Repayments of majority stockholders advances	(364,292)	--
Proceeds from short-term notes payable	2,395,000	264,940
Net Cash Provided by Financing Activities	5,208,478	1,855,362
Increase (Decrease) in Cash	(98,644)	197,585
Cash at beginning of period	232,601	35,016
Cash at End of Period	$ 133,957	$ 232,601

</TABLE>

EAT AT JOE'S LTD. AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998, AND 1997
(Continued)

	1998	1997
Supplemental Disclosure of Interest and Income Taxes Paid		
Interest paid during the period	$ 295	$ --
Income taxes paid during the period	$ 4,225	$ --
Supplemental Disclosure of Non-cash Investing and Financing Activities		
Leasehold Improvements Acquired with Issuance of Common Stock	$ 40,188	$ --
Short-term Notes Settled with Issuance of Common Stock	$2,010,000	$ --
Intangible Assets Acquired with Issuance of Common Stock	$ --	$149,832
Organization Costs Acquired with Issuance Common Stock	$ --	$ 200

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

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of accounting policies for Eat At Joe's, Ltd. And subsidiaries is presented to assist in understanding the Company's financial statements. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization and Basis of Presentation

Eat At Joe's Ltd. (Company) was incorporated on January 6, 1988, under the laws of the State of Delaware, as a wholly-owned subsidiary of Debbie Reynolds Hotel and Casino, Inc. (DRHC) (formerly Halter Venture Corporation or Halter Racing Stables, Inc.) a publicly-owned corporation. DRHC caused the Company to register 1,777,000 shares of its initial 12,450,000 issued and outstanding shares of common stock with the Securities and Exchange Commission on Form S-18. DRHC then distributed the registered shares to DRHC stockholders.

During the period September 30, 1988 to December 31, 1992, the Company remained in the development stage while attempting to enter the mining industry. The Company acquired certain unpatented mining claims and related equipment necessary to mine, extract, process and otherwise explore for kaolin clay, silica, feldspar, precious metals, antimony and other commercial minerals from its majority stockholder and other unrelated third-parties. The Company was unsuccessful in these start-up efforts and all activity was ceased during 1992 as a result of foreclosure on various loans in default and/or the abandonment of all assets.

From 1992 until 1996 the Company has had no operations, assets or liabilities.

Principles of Consolidation

The consolidated financial statements include the accounts of Eat At Joe's, LTD. And its wholly-owned subsidiary, E.A.J. Holding Corporation, a Delaware corporation ("Holding"). Holding includes the accounts of its wholly-owned subsidiaries, E.A.J. PHL Airport, Inc. a Pennsylvania corporation, Eat At Joe's U. of P., Inc. a Pennsylvania corporation, E.A.J. Cherry Hill, Inc., a New Jersey corporation, Eat At Joe's Harborplace, Inc., a Maryland corporation, Eat At Joe's Neshaminy, Inc. a Pennsylvania corporation, Eat At Joe's Plymouth, Inc., a Pennsylvania corporation, E.A.J. Echelon Mall, Inc., a New Jersey corporation, E.A.J. Gallery, Inc., a Pennsylvania corporation, E.A.J. Moorestown, Inc., a New Jersey corporation, E.A.J. Shoppingtown,Inc., a New York corporation, Eat at Joe's U of P 40th Street, Inc., a Pennsylvania corporation, and Eat at Joe's Owings Mills, Inc., a Maryland corporation. All significant intercompany accounts and transactions have been eliminated.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Business

The Company is developing, owns and operates theme restaurants styled in an "American Diner" atmosphere.

Inventories

Inventories consist of food, paper items and related materials and are stated at the lower of cost (first-in, first-out method) or market.

Income Taxes

The Company accounts for income taxes under the provisions of SFAS No. 109, "Accounting for Income Taxes." SFAS No.109 requires recognition of deferred income tax assets and liabilities for the expected future income tax consequences, based on enacted tax laws, of temporary differences between the financial reporting and tax bases of assets and liabilities.

Depreciation

Office furniture, equipment and leasehold improvements, are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated economic useful lives of the related assets as follows:

Office furniture	*5-10 years*
Equipment	*5- 7 years*
Leasehold improvements	*8-15 years*

Maintenance and repairs are charged to operations; betterments are capitalized. The cost of property sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the property and related accumulated depreciation accounts, and any resulting gain or loss is credited or charged to income.

Amortization

Intangible assets are amortized over useful life of 7 - 13 years.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company has adopted the Financial Accounting Standards Board SFAS No., 121, "Accounting for the Impairment of Long-lived Assets." SFAS No. 121 addresses the accounting for (i) impairment of long-lived assets, certain identified intangibles and goodwill related to assets to be held and used, and (ii) long-live lived assets and certain identifiable intangibles to be disposed of. SFAS No. 121 requires that long-lived assets and certain identifiable intangibles be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected future cash flows from the used of the asset and its eventual disposition (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized.

Recent Accounting Pronouncements

During 1998, the Company changed its method of accounting for costs of start up activities to conform with new requirements of Statement of Position 98-5 "Reporting on the Costs of Start-Up Activities" (SOP 98-5). The effect of this change was to increase net loss for the year ended December 31, 1998 by $84,732. Financial Statements for 1997 have not been restated in accordance with the provisions of SOP 98-5.

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company has no significant off-balance-sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements. The Company maintains the majority of its cash balances with one financial institution, in the form of demand deposits.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reverse Stock Split

Effective May 3, 1997 the Stockholders approved a 50 to 1 reverse split of the common stock and effective October 7, 1997 the Stockholders approved a 4 to 1 reverse split. The financial statements have been retroactively restated to reflect the reverse stock split as if it had been effective prior to the earliest date presented.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

Earnings (Loss) Per Share

In 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings per Share" (EPS). SFAS No. 128 replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share.

Diluted net income per common share was calculated based on an increased number of shares that would be outstanding assuming that the warrants are converted to common shares. The effect of outstanding common stock equivalents are anti-dilutive for 1998 and 1997 and are thus not considered.

The reconciliations of the numerators and denominators of the basic earnings per share computations are as follows:

	For the Year Ended 1998		
	Income	Shares	Per Share Amount
Basic EPS			
Net Loss to common shareholders	$(2,033,093)	13,062,921	$ (0.16)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings (Loss) Per Share (continued)

	For the Year Ended 1997		
	Income	Shares	Per Share Amount
Basic EPS			
Net Loss to common shareholders	$ (299,022)	11,729,107	$ (0.02)

Reclassifications

Certain reclassifications have been made in the 1997 financial statements to conform with the 1998 presentation.

NOTE 2 - SHORT-TERM NOTES PAYABLE

Short-Term Notes Payable consist of loans from unrelated entities as of December 31, 1998 and 1997. The notes are payable one year from the date of issuance together with interest at 6.50% A.P.R.

NOTE 3 - INCOME TAXES

Deferred taxes result from temporary differences in the recognition of income and expenses for income tax reporting and financial statement reporting purposes. Deferred benefits of $349,000 and $71,000 for the years ended December 31, 1998 and 1997 respectively, are the result of net operating losses.

The Company has recorded net deferred income taxes in the accompany consolidated balance sheets as follows:

NOTE 3 - INCOME TAXES (Continued)

	As at December 31,	
	1998	1997
Future deductible temporary differences related to		
Reserves, accruals, and net operating losses	$ 736,000	$ 387,000
Valuation allowance	(736,000)	(387,000)
Net Deferred Income Tax	$ --	$ --

As of December 31, 1998, the Company had a net operating loss ("NOL") carry forward for income tax reporting purposes of approximately $2,165,000 available to offset future taxable income. This net operating loss carry forward expires at various dates between December 31, 2003 and 2013. A loss generated in a particular year will expire for federal tax purposes if not utilized within 15 years. Additionally, the Internal Revenue Code contains provisions which could reduce or limit the availability and utilization of these NOLs if certain ownership changes have taken place or will take place. In accordance with SFAS No. 109, a valuation allowance is provided when it is more likely than not that all or some portion of the deferred tax asset will not be realized. Due to the uncertainty with respect to the ultimate realization of the NOLs, the Company established a valuation allowance for the entire net deferred income tax asset of $736,000 as of December 31, 1998. Also consistent with SFAS No. 109, an allocation of the income (provision) benefit has been made to the loss from continuing operations.

The difference between the effective income tax rate and the federal statutory income tax rate on the loss from continuing operations are presented below:

	As at December 31,	
	1998	1997
Benefit at the federal statutory rate of 34%	$ 349,000	$ 71,000
Nondeductible expenses	--	(1,000)
Utilization of net operating loss carryforward	$(349,000)	$ (70,000)
	$ --	$ --

NOTE 4 - PURCHASE OF SUBSIDIARIES

On January 1, 1997 the shareholders of the Company approved an agreement whereby 5,505,000 shares of the Company's common stock was exchanged for a 100% interest in E.A.J. Holding Corporation, Inc. ("Holding"), a Delaware corporation. Holding, which was organized on February 14, 1997, had total assets with a historical cost value of $150,037, consisting of the Eat at Joe's trade mark, business plan, graphics, illustrations/renderings, corporate brochure and website with a historical value of $149,837, organization costs of $200 and no liabilities on the date of the exchange.

During March, 1997 Holding acquired 100% of the issued and outstanding stock of E.A.J.: PHL, Airport Inc. ("PHL Airport"), a Pennsylvania corporation organized August 19, 1996 for $25,000. At the time of the acquisition PHL Airport had assets with a historical cost value of $37,500, consisting of developmental costs and organizational costs and liabilities of $12,500.

These transactions have been accounted for as a reorganization of ownership interests between related parties as if it were a "Pooling of Interest." Accordingly, assets and liabilities are reflected at their historical values. The accompanying financial statements for 1997 are based on the assumption that the companies were combined for the full year.

NOTE 5 - RENT AND LEASE EXPENSE

The Company occupies various retail restaurant space under operating leases beginning October 1997 and expiring at various dates through 2012.

The minimum future lease payments under these leases for the next five years are:

Year Ended December 31,	Real Property	Equipment
1999	$ 486,912	$ --
2000	486,912	--
2001	486,912	--
2002	486,912	--
2003	486,912	--
Thereafter	2,338,721	--
Total minimum future lease payments	$4,773,281	$ --

The leases generally provides that insurance, maintenance and tax expenses are obligations of the Company. It is expected that in the normal course of business, leases that expire will be renewed or replaced by leases on other properties.

EAT AT JOE'S LTD. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998, AND 1997
(Continued)

NOTE 6 - RELATED PARTY TRANSACTIONS

The Company utilized office space that is shared with companies controlled by two officers of the Company. During 1998 and 1997 Cozco Management received $36,387 and $546,574 as reimbursement for rent, telephone, equipment, travel, automotive salaries and other shared expenses. During 1998 and 1997 the two officers and/or companies controlled by the two officers paid expenses and made advances to the Company totaling $113,825 and $690,422 respectively. During 1998 the Company repaid advances of $364,292. As of December 31, 1998, $452,455 in advances was due to Mr. Fiore.

NOTE 7 - CONVERTIBLE PREFERRED STOCK, DEBENTURES, WARRANTS & OPTIONS

In January, 1997 the shareholders of the Company adopted an agreement whereby 5,505,000 shares of the Company's Common Stock was exchanged for a 100% interest in E.A.J. Holding Corporation, Inc. Messrs. Joseph Fiore and Andrew Cosenza, Jr., the Company's Chairman and President, were the owners of all the outstanding shares of E.A.J. Holding Corporation, Inc. The Company issued its shares upon an exemption from registration under Section 4(2) of the Securities Act.

In March, 1998, the Company sold 51 shares of its Series A Convertible Preferred Stock to a total of 8 accredited investors pursuant to an exemption from registration under the Section 4(2) and/or Regulation D or as an alternative, Regulation S of the Act. The Company received proceeds of approximately $797,000 from the sale of the securities. As of the date of this prospectus the shares are convertible and warrants (issued in connection with the offering) exercisable into 1,700,725 shares of Common Stock of the Company.

On April 1, 1998, pursuant to a consulting agreement, the Company granted options to purchase 61,350 shares of Common Stock of the Company at an exercise price of $1.63. The options expire on March 31, 2003.

On May 5 1998, the Company sold 30 shares of its Series B Convertible Preferred Stock to a total of 3 accredited investors pursuant to an exemption from registration under the Section 4(2) and/or Regulation D. The Company received proceeds of approximately $484,,000 from the sale of the securities. As of the date of this prospectus the shares are convertible and warrants (issued in connection with the offering) exercisable into 990,064 shares of Common Stock of the Company.

On May 21, 1998, the Company sold 34 shares of its Series B Convertible Preferred Stock to a total of 2 accredited investors pursuant to an exemption from registration under the Section 4(2) and/or Regulation D. The Company received proceeds of approximately $549,000 from the

NOTE 7 - CONVERTIBLE PREFERRED STOCK, DEBENTURES , WARRANTS, & OPTIONS Continued)

sale of the securities. As of the date of this prospectus the shares are convertible and warrants (issued in connection with the offering) exercisable into 433,916 shares of Common Stock of the Company. During September 1998 the company repurchased 19 shares for $450,000.

In September, 1998, the Company sold 14 shares of its Series C Convertible Preferred Stock to 2 accredited investors pursuant to an exemption from registration under the Section 4(2) and/or Regulation D. The Company received proceeds of approximately $239,000 from the sale of the securities. As of the date of this prospectus the shares are convertible and warrants (issued in connection with the offering) into 395,733 shares of Common Stock of the Company.

On July 31, and September 2, 1998, the Company sold its 8% convertible debenture in the aggregate principal amount of $1,500,000 to an accredited investor pursuant to an exemption from registration under Section 4(2) and/or Regulation D. The Company retained proceeds of approximately $933,000 from the sale of the securities and $450,000 was applied to the repurchase of 19 shares of Series B Convertible Preferred Stock sold to an investor on May 21, 1998. As of the date of this prospectus, the debentures are convertible and warrants (issued in connection with the offering) exercisable into 2,064,000 shares of Common Stock of the Company.

In September, 1998, the Company sold 20 shares of its Series D Convertible Preferred Stock to an accredited investors pursuant to an exemption from registration under the Section 4(2) and/or Regulation D. The Company received proceeds of approximately $350,000 from the sale of the securities. As of the date of this prospectus the shares are convertible and warrants (issued in connection with the issuance of the shares) into 539,000 shares of Common Stock of the Company.

The following table sets forth the options and warrants outstanding as of December 31, 1998 and 1997.

	1998	1997
Options & warrants outstanding, beginning of year	1,100,000	2,000,000
Granted	1,247,750	--
Expired	(1,060,000)	--
Exercised	(40,000)	(900,000)
Options & warrants outstanding, end of year	1,247,750	1,100,000
Exercise price for options & warrants outstanding, end of year	$0.50 to $1.79	$ 1.00

EAT AT JOE'S LTD. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998, AND 1997
(Continued)

NOTE 8 - SELECTED FINANCIAL DATA (Unaudited)

The following table set forth certain unaudited quarterly financial information:
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	1998 Quarters Ended			
	Mar 31	Jun 30	Sep 30	Dec 31
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Income statement data:				
Net sales	$147,347	$316,397	$817,129	$1,238,382
Gross profit	85,312	157,461	613,654	960,347
Income (loss) from operations before depreciation & amortization	(372,638)	(289,480)	31,447	100,450
Loss from operations	(394,589)	(329,038)	(47,858)	(63,906)
Other income	(8,931)	(4,941)	(78,235)	(65,842)
Loss before taxes	(403,520)	(333,979)	(126,093)	(129,748)
Income tax (provision) benefit	(682)	(681)	(681)	(681)
Net Income (Loss)	$(488,934)	$(334,660)	$(126,774)	$(130,429)

	1997 Quarters Ended			
	Mar 31	Jun 30	Sep 30	Dec 31
Income statement data:				
Net sales	$ -	$ -	$ -	$84,781
Gross profit	-	-	-	46,772
Income (loss) from operations before depreciation & amortization	(60,733)	(152,046)	(68,971)	728
Loss from operations	(60,733)	(152,046)	(68,971)	(12,968)
Other income	6	1,926	1,075	(7,311)
Loss before taxes	(60,727)	(150,120)	(67,896)	(20,279)
Income tax (provision) benefit	-	-	-	-
Net Income (Loss)	$(60,727)	$(150,120)	$(67,896)	$(20,279)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET OF EAT AT JOE'S LTD. AS OF DECEMBER 31, 1998 AND THE RELATED STATEMENTS OF OPERATIONS AND CASH FLOWS FOR THE YEAR THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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