

Franchise Holdings International, Inc.  
Form 10-Q  
February 08, 2012

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U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2011

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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

Commission File No. 0-27631

Franchise Holdings International, Inc.  
(Exact Name of Registrant in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or formation)

65-0782227  
(I.R.S. employer  
identification number)

5910 South University Boulevard, C-18, Unit 165  
Littleton, Colorado 80121-2800  
(Address of principal executive offices)

(303) 220-5001  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Non-accelerated filer ☐

(Do not check if a smaller reporting company)

Accelerated filer ☐

Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☒ Yes ☐ No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date. On December 31, 2011, there were 2,840,864 Common Shares issued outstanding.

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FRANCHISE HOLDINGS INTERNATIONAL, INC.

FORM 10-Q

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PART I. FINANCIAL INFORMATION

For purposes of this document, unless otherwise indicated or the context otherwise requires, all references herein to “we,” “us,” and “our,” refer to FRANCHISE HOLDINGS INTERNATIONAL, INC., a Nevada corporation.

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FRANCHISE HOLDINGS INTERNATIONAL, INC.

FINANCIAL STATEMENTS  
(Unaudited)

Quarter Ended December 31, 2011

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FRANCHISE HOLDINGS INTERNATIONAL, INC.  
(A Development Stage Company)  
Balance Sheets

	December 31, 2011 (Unaudited)	September 30, 2011 (Derived from audited financial statements)
<b>Assets</b>		
Cash	\$ 1,624	\$—
<b>Total Assets</b>	<b>\$ 1,624</b>	<b>\$—</b>
<b>Liabilities and Shareholders' Deficit</b>		
<b>Liabilities:</b>		
Bank overdraft	\$—	\$ 2
Accounts payable	6,591	—
<b>Total Liabilities</b>	<b>6,591</b>	<b>2</b>
<b>Shareholders' deficit (Notes 2 and 3):</b>		
Common stock, \$.0001 par value; 20,000,000 shares authorized, 2,840,864 and 2,840,864 shares issued and outstanding, respectively	284	284
Additional paid-in capital	3,883,097	3,876,331
Accumulated deficit	(3,910,365)	(3,910,365)
Equity accumulated during development stage	22,017	33,748
<b>Total Shareholders' Deficit</b>	<b>(4,967 )</b>	<b>(2 )</b>
<b>Total Liabilities and Shareholders' Deficit</b>	<b>\$ 1,624</b>	<b>\$—</b>

FRANCHISE HOLDINGS INTERNATIONAL, INC.  
(A Development Stage Company)  
Statement of Operations  
(Unaudited)

	For The Three Months Ended		March 12, 2001 (Inception)
	December 31, 2011	2010	Through December 31, 2011
Revenue	\$—	\$—	\$—
Operating expenses:			
General and administrative	11,731	5,575	130,852
Operating loss	(11,731 )	(5,575 )	(130,852 )
Other income (expense):			
Gain on debt relief	—	—	388,095
Interest expense	—	—	(235,226 )
Total other income (expense)	—	—	152,869
Income (loss) before income tax	(11,731 )	(5,575 )	22,017
Provision for income tax (Note 4)	—	—	—
Net income (loss)	\$(11,731 )	\$(5,575 )	\$22,017
Basic and diluted income (loss) per share	\$(0.00 )	\$(0.00 )	
Weighted average number of common shares outstanding	2,840,864	2,840,864	

FRANCHISE HOLDINGS INTERNATIONAL, INC.  
(A Development Stage Company)  
Statement of Changes in Stockholders' Deficit

	Common Stock Shares	Par Value	Additional Paid-In Capital	Stock Subscription Receivable	Accumulated Deficit	Equity Accumulated During Development Stage	Total
Balance, March 12, 2001 (inception of development stage)	90,861	\$ 9	\$ 3,562,331	\$ (15,000 )	\$ (3,910,365 )	\$ —	\$ (363,025 )
Net loss for period ended September 30, 2001	—	—	—	—	—	(27,487 )	(27,487 )
Balance, September 30, 2001	90,861	9	3,562,331	(15,000 )	(3,910,365 )	(27,487 )	(390,512 )
Net loss for year ended September 30, 2002	—	—	—	—	—	(60,100 )	(60,100 )
Balance, September 30, 2002	90,861	9	3,562,331	(15,000 )	(3,910,365 )	(87,587 )	(450,612 )
Fractional shares - reverse stock split	3	—	—	—	—	—	—
Debt relief - repurchase obligation	—	—	15,000	15,000	—	—	30,000
Compensatory stock issuances	2,750,000	275	2,475	—	—	—	2,750
Net loss for year ended September 30, 2003	—	—	—	—	—	(41,245 )	(41,245 )
Balance, September 30, 2003	2,840,864	284	3,579,806	—	(3,910,365 )	(128,832 )	(459,107 )
	—	—	—	—	—	(31,996 )	(31,996 )

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Net loss for year  
ended September  
30, 2004

Balance, September 30, 2004	2,840,864	284	3,579,806	—	(3,910,365)	(160,828)	(491,103)
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Net loss for year  
ended September  
30, 2005

Balance, September 30, 2005	—	—	—	—	—	(32,146 )	(32,146 )
	2,840,864	284	3,579,806	—	(3,910,365)	(192,974)	(523,249)

Net loss for year  
ended September  
30, 2006

Balance, September 30, 2006	—	—	—	—	—	(32,146 )	(32,146 )
	2,840,864	284	3,579,806	—	(3,910,365)	(225,120)	(555,395)

Net loss for year  
ended September  
30, 2007

Balance, September 30, 2007	—	—	—	—	—	(32,146 )	(32,146 )
	2,840,864	284	3,579,806	—	(3,910,365)	(257,266)	(587,541)

Net loss for year  
ended September  
30, 2008

Balance, September 30, 2008	—	—	—	—	—	(43,841 )	(43,841 )
	2,840,864	284	3,579,806	—	(3,910,365)	(301,107)	(631,382)

Capital  
contributions by  
officer (Note 2)

	—	—	270,989	—	—	—	270,989
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Net loss for year  
ended September  
30, 2009

Balance, September 30, 2009	—	—	—	—	—	360,318	360,318
	2,840,864	284	3,850,795	—	(3,910,365)	59,211	(75 )

Capital  
contributions by  
an officer  
and shareholders  
(Note 2)

	—	—	12,744	—	—	—	12,744
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Net loss for year ended September 30, 2010	—	—	—	—	—	(13,555 )	(13,555 )
Balance, September 30, 2010	2,840,864	284	3,863,539	—	(3,910,365)	45,656	(886 )
Capital contributions by an officer and shareholders (Note 2)	—	—	12,792	—	—	—	12,792
Net loss for year ended September 30, 2011	—	—	—	—	—	(11,908 )	(11,908 )
Balance, September 30, 2011	2,840,864	284	3,876,331	—	(3,910,365)	33,748	(2 )
Capital contributions by an officer and shareholders (Note 2) (unaudited)	—	—	6,766	—	—	—	6,766
Net loss for three months ended December 31, 2011 (unaudited)	—	—	—	—	—	(11,731 )	(11,731 )
Balance, December 31, 2011 (unaudited)	2,840,864	\$ 284	\$ 3,883,097	\$ —	\$ (3,910,365)	\$ 22,017	\$ (4,967 )

FRANCHISE HOLDINGS INTERNATIONAL, INC.  
(A Development Stage Company)  
Statements of Cash Flows  
(Unaudited)

	For The Three Months Ended		March 12, 2001 (Inception)
	December 31, 2011	December 31, 2010	Through December 31, 2011
Cash flows from operating activities:			
Net income (loss)	\$(11,731 )	\$(5,575 )	\$22,017
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization and depreciation	—	—	475
Stock-based compensation	—	—	2,750
Loss on fixed asset disposal	—	—	1,408
Gain on debt relief.	—	—	(388,095 )
Changes in operating assets and liabilities:			
Bank overdraft	(2 )	—	—
Accounts payable	6,591	3,827	25,467
Accrued expenses	—	—	233,519
Related party payables	—	—	87,431
Net cash provided by (used in) operating activities	(5,142 )	(1,748 )	(15,028 )
Cash flows from financing activities:			
Capital contributed by related parties	6,766	1,233	32,302
Notes payable - borrowings	—	—	10,000
Notes payable - payments	—	—	(25,650 )
Net cash provided by (used in) financing activities	6,766	1,233	16,652
Net change in cash	1,624	(515 )	1,624
Cash, beginning of period	—	670	—
Cash, end of period	\$1,624	\$155	\$1,624
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Income taxes	\$—	\$—	\$—
Interest	\$—	\$—	\$—



Franchise Holdings International, Inc.  
(A Development Stage Company)  
Notes to Financial Statements  
(Unaudited)

(1) Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Franchise Holdings International, Inc. (referenced as “we”, “us”, “our” in the accompanying notes) was incorporated in the State of Nevada on April 2, 2003. FSGI Corporation was incorporated in the State of Florida on May 15, 1997, and in a reorganization on December 21, 1998 with another corporation named The Martial Arts Network On-Line, Inc. (originally incorporated in Florida on May 23, 1996) changed its name to TMAN Global.Com, Inc. Franchise Holdings International, Inc. and TMAN Global.Com, Inc. consummated a merger on April 30, 2003 whereby Franchise Holdings International, Inc. exchanged 1 common share for all the 90,861 outstanding common shares of TMAN Global.Com, Inc. The purpose of the transaction was a change of domicile. Pursuant to the merger terms, Franchise Holdings International, Inc. was the surviving corporation and TMAN Global.Com, Inc. ceased to exist. The accompanying financial statements include the activities of Franchise Holdings International, Inc. and its predecessor corporations. Currently we are engaged in evaluating franchise opportunities, and are considered to be in the development stage.

Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and disclosures required by generally accepted accounting principles for complete financial statements. The financial statements presented herein have been prepared by the Company in accordance with the accounting policies in its Form 10-K for the year ended September 30, 2011 and should be read in conjunction with the notes thereto.

All adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations for the interim periods have been made and are of a recurring nature unless otherwise disclosed herein. The results of operations for such interim periods are not necessarily indicative of operations for a full year.

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, the Company has a limited operating history and has suffered losses since inception. These factors, among others, may indicate that the Company will be unable to continue as a going concern.

In recent years, we have relied upon our president and certain shareholders to contribute capital to maintain our limited operations (see Notes 2 and 3). There is no assurance that these loans will continue, or that we will be successful in raising the capital required to continue our operations.

The financial statements do not include any adjustments relating to the recoverability and classification of assets and/or liabilities that might be necessary should we be unable to continue as a going concern. Our continuation as a going concern is dependent upon our ability to meet our obligations on a timely basis, and, ultimately to attaining profitability.



Franchise Holdings International, Inc.  
(A Development Stage Company)  
Notes to Financial Statements  
(Unaudited)

Development Stage Company

We are in the development stage in accordance with the Accounting and Reporting by Development Stage Enterprises Topic of the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) 915.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles permits management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

We consider all highly liquid securities with original maturities of three months or less when acquired, to be cash equivalents. We had no cash equivalents at December 31, 2011 (unaudited) and September 30, 2011.

Fair Value of Financial Instruments

The carrying amounts of cash and current liabilities approximate fair value because of the short-term maturity of these items. These fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment, and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates. We do not hold or issue financial instruments for trading purposes, nor do we utilize derivative instruments.

The FASB ASC clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. It also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability.

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Earnings (Loss) per Common Share

We report earnings (loss) per share using a dual presentation of basic and diluted earnings (loss) per share. Basic earnings (loss) per share excludes the impact of common stock equivalents. Diluted earnings (loss) per share utilizes the average market price per share when applying the treasury stock method in determining common stock

equivalents. At December 31, 2011 (unaudited) and September 30, 2011, there were no variances between the basic and diluted loss per share as there were no potentially dilutive securities outstanding.

Franchise Holdings International, Inc.  
(A Development Stage Company)  
Notes to Financial Statements  
(Unaudited)

## Income Taxes

We account for income taxes as required by the Income Tax Topic of the FASB ASC, which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

We have analyzed filing positions in all of the federal and state jurisdictions where we are required to file income tax returns, as well as all open tax years in these jurisdictions. The Company has identified its federal tax return and its state tax return in Colorado as "major" tax jurisdictions, as defined. We are not currently under examination by the Internal Revenue Service or any other jurisdiction. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on the Company's financial condition, results of operations, or cash flow. Therefore, no reserves for uncertain income tax positions have been recorded.

## Fiscal Year-end

The Company operates on a September 30 year-end.

## Stock-Based Compensation

Stock-based compensation is accounted for under ASC 718 (formerly - SFAS No. 123 (revised 2004)), "Share-Based Payment", using the modified prospective method. ASC 718 requires the recognition of the cost of employee services received in exchange for an award of equity instruments in the financial statements and is measured based on the grant date fair value of the award. ASC 718 also requires the stock option compensation expense to be recognized over the period during which an employee is required to provide service in exchange for the award (generally the vesting period).

### (2) Related Party Transactions

During the three months ended December 31, 2011 and 2010, our president and two shareholders contributed \$6,766 and \$1,233, respectively, to us for working capital to support our development stage operations. These contributions are included in the accompanying financial statements as Additional paid-in capital.

During the years ended September 30, 2011 and 2010, our president and two shareholders contributed \$12,792 and \$12,744, respectively, to us for working capital to support our development stage operations. These contributions are included in the accompanying financial statements as Additional paid-in capital.

During the year ended September 30, 2009, an officer contributed \$82,260 to us for working capital to support our development stage operations. In addition, the officer gave 26,000 shares of his own stock in Franchise Holdings International, Inc. to other debtors in settlement of \$18,000 in stock subscriptions payable and \$170,729 in notes payable, which the officer then contributed to capital. Total contributions of \$270,989 are included in the accompanying financial statements as Additional paid-in capital.





Franchise Holdings International, Inc.  
(A Development Stage Company)  
Notes to Financial Statements  
(Unaudited)

(3) Notes Payable

At September 30, 2008, we had \$271,759 in notes payable outstanding to non-related parties, currently due, bearing interest at rates from 10 to 12 percent per annum, and convertible into common stock at \$1 to \$3 per share. Accrued interest payable under the notes at September 30, 2008 was \$238,580. During 2009, the noteholders agreed to cancel the conversion feature and settle their notes upon payment of cumulative settlement amounts totaling \$25,650 in cash and 20,000 common shares. The note settlements were finalized in the first quarter of fiscal year September 30, 2009. An officer provided (out of his personal shares in Franchise Holdings International, Inc.) the 20,000 shares for the note settlement. Pursuant to the note settlement, the noteholders, who were owed a total of \$510,339, were given 20,000 of the Company's common shares (by an officer out of his personal holdings) in settlement of \$170,729 and \$25,650 in cash as full settlement, resulting in a gain on debt relief for the Company totaling \$313,960.

In 2003, an \$18,000 note with an automatic conversion feature was recorded as a stock subscription payable for 6,000 common shares upon conversion. During the year ended September 30, 2009, an officer provided (out of his personal shares in Franchise Holdings International, Inc.) the 6,000 shares to settle the stock subscription payable.

(4) Income Taxes

The Company has incurred net operating losses during all periods presented resulting in a deferred tax asset, which has been fully allowed for; therefore, the net benefit and expense resulted in no income tax provision.

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

The following discussion of our financial condition and results of operations should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and notes thereto included in, Item 1 in this Quarterly Report on Form 10-Q. This item contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated in such forward-looking statements.

### Forward-Looking Statements

This Quarterly Report on Form 10-Q and the documents incorporated herein by reference contain forward-looking statements. Such forward-looking statements are based on current expectations, estimates, and projections about our industry, management beliefs, and certain assumptions made by our management. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", variations of such words, and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict; therefore, actual results may differ materially from those expressed or forecasted in any such forward-looking statements. Unless required by law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. However, readers should carefully review the risk factors set forth herein and in other reports and documents that we file from time to time with the Securities and Exchange Commission, particularly the Annual Reports on Form 10-K, Quarterly reports on Form 10-Q and any Current Reports on Form 8-K.

### Overview and History

We were originally incorporated as FSGI Corporation under the laws of the State of Florida in 1997 as a holding company for the purpose of acquiring Financial Standards Group, Inc. (FSG). That year FSGI Corporation acquired FSG, a Florida company organized in October 1989, to assist credit unions in performing financial services. FSG offered financial services to credit unions as a wholly-owned subsidiary until its sale in January 2000.

On December 21, 1998, FSGI Corporation, at the time a publicly traded company trading on the OTCBB as FSGI, acquired all of the outstanding common stock of The Martial Arts Network On-Line, Inc., a wholly owned subsidiary of The Martial Arts Network, Inc. The Martial Arts Network On-Line, Inc., a company organized under the laws of the State of Florida, was developed in 1996 by its parent company The Martial Arts Network, Inc. as an electronic forum dedicated to promoting education and awareness of martial arts through its web site. Upon issuance of shares, and options to purchase shares of FSGI Corporation's common stock to The Martial Arts Network, Inc., that company became the controlling stockholder of FSGI Corporation.

TMANglobal.com, Inc. ("TMAN"), a corporation formed under the laws of the State of Florida, resulted from a merger between FSGI Corporation and The Martial Arts Network On-Line, Inc. on December 21, 1998.

Franchise Holdings was incorporated in the State of Nevada on April 2, 2003. Franchise Holdings International, Inc. completed a merger with TMAN Global.com Inc. on April 30, 2003. This merger was in the nature of a change in domicile of the Florida corporation to the State of Nevada, as well as the acquisition of a new business. Since the inception of our current business operations, we have been in the business of acquiring franchise, license and distribution rights in new and emerging growth companies.

We have not been subject to any bankruptcy, receivership or similar proceeding.



## Results of Operations

The following discussion involves our results of operations for the three months ended December 31, 2011. This compares to the three months ended December 31, 2010.

Comparing our operations, we had revenues of \$0 for the three months ended December 31, 2011 and \$0 for the three months ended December 31, 2010.

Operating expenses, which include general and administrative expenses for the three months ended December 31, 2011 were \$11,731 and \$5,575 for the three months ended December 31, 2010.

The major components of operating expenses include professional fees, fees related to corporate compliance, stock transfer agent fees and bank charges.

We believe that operating expenses in current operations should remain fairly constant.

We had a net loss of \$11,731 for the three months ended December 31, 2011 and \$5,575 for the three months ended December 31, 2010.

We believe that overhead cost in current operations should remain fairly constant.

## Liquidity and Capital Resources

As of December 31, 2011, we had cash or cash equivalents of \$1,624 and a working capital deficit of \$4,967. As of September 30, 2010, we had cash or cash equivalents of \$0 and a working capital deficit of \$2.

Net cash used in operating activities was \$5,142 for the three month period ended December 31, 2011, compared to cash used in operating activities of \$1,748 for the three month period ended December 31, 2010. We anticipate that overhead costs in current operations will remain fairly constant.

Cash flows used or provided by investing activities was \$0 for the period ended December 31, 2011, compared to cash used for investing activities of \$0 for the period ended December 31, 2010.

Cash flows provided by financing activities was \$6,766 for the three month period ended December 31, 2011, compared to cash provided by financing activities of \$1,233 for the three month period ended December 31, 2010. During the three month period ended December 31, 2011, an officer and two shareholders contributed \$6,766 to the Company for working capital.

We believe that we have sufficient capital in the short term for our current level of operations. This is because we believe that we can attract sufficient product sales and services within our present organizational structure and resources to become profitable in our operations. We can control the substantial part of our expenses by foregoing the hiring of extra personnel and plan to use this to adjust our expenses. If we are unsuccessful in adequately adjusting our expenses, which we do not foresee at this time, we may need additional financing of some type, which we do not now possess, to continue our operations.

Additional resources would be needed to expand into additional locations, which we have no plans to do at this time. We do not anticipate needing to raise additional capital resources in the next twelve months.

Our principal source of liquidity will be our operations, through loans by our sole officer and director or through capital contributions by our sole officer and director and through shareholders, of which there can be no assurance. There are currently no arrangements with our sole officer and director to fund our operations, if needed. We expect variation in revenues to account for the difference between a profit and a loss. Also business activity is closely tied to the economy of Denver and the U.S. economy. In any case, we try to operate with minimal overhead. Our primary activity will be to seek to develop clients and, consequently, our sales. If we succeed in obtaining a base and generating sufficient sales, we will become profitable. We cannot guarantee that this will ever occur. Our plan is to build our company in any manner that will be successful.

#### Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements with any party.

#### Recently Issued Accounting Pronouncements

We do not expect the adoption of any recently issued accounting pronouncements to have a significant impact on our net results of operations, financial position, or cash flows.

#### Seasonality

We do not expect our sales to be impacted by seasonal demands for our products and services.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide this information.

### ITEM 4. CONTROLS AND PROCEDURES

#### Evaluation of Disclosure Controls and Procedures

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (“Exchange Act”), the Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness of the Company’s disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company’s CEO and CFO concluded that the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including the Company’s CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

#### Changes in Internal Controls

There have been no changes in the Company’s internal control over financial reporting during the latest fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over

financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

There are no legal proceedings, to which we are a party, which could have a material adverse effect on our business, financial condition or operating results.

### ITEM 1A. RISK FACTORS

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide this information.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

### ITEM 4. (REMOVED AND RESERVED.)

### ITEM 5. OTHER INFORMATION

None

### ITEM 6. EXHIBITS

Exhibit	Description
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<u>31.1</u>	Certification of CEO/CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a) - Filed herewith electronically
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<u>32.1</u>	Certification of CEO/CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Filed herewith electronically
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101.1	Interactive Data File
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SIGNATURES

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

FRANCHISE HOLDINGS INTERNATIONAL, INC.

Date: February 7, 2012

By: /s/ A.J. Boisdrenghien  
A.J. Boisdrenghien, President and  
Chief Executive and Financial  
Officer