TMANGLOBAL COM INC
Form 10-K
May 01, 2009

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended: September 30, 2007

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

Commission File No. 0-27631

Franchise Holdings International, Inc.
(Exact Name of Small Business Issuer as specified in its charter)

(Formerly known as TMANGlobal.com, Inc.)

Nevada (State or other jurisdiction of incorporation)	65-0782227 (IRS Employer File Number)
5910 South University Boulevard, C-18, Unit 165 Littleton, Colorado (Address of principal executive offices)	80121-2800 (zip code)

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

Securities to be Registered Pursuant to Section 12(b) of the Act: None

Securities to be Registered Pursuant to Section 12(g) of the Act:
Common Stock, $.0.001 per share par value

Indicate by check mark if registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [] No [X].

Indicate by check mark if registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.Yes [] No [X].

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: [X]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is 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-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer,” and “small reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer []	Accelerated filer []
Non-accelerated filer [] (Do not check if a smaller reporting company)	Smaller reporting company [X]

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

The number of shares outstanding of the Registrant’s common stock, as of the latest practicable date, September 30, 2007, was 2,840,864.

FORM 10-K

Franchise Holdings International, Inc.

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References in this document to “Franchise Holdings,” "us," "we," or "Company" refer to Franchise Holdings International, Inc.

Forward-Looking Statements

The following discussion contains forward-looking statements regarding us, our business, prospects and results of operations that are subject to certain risks and uncertainties posed by many factors and events that could cause our actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. Factors that may affect such forward-looking statements include, without limitation: our ability to successfully develop new products and services for new markets; the impact of competition on our revenues, changes in law or regulatory requirements that adversely affect or preclude clients from using us for certain applications; delays our introduction of new products or services; and our failure to keep pace with our competitors. When used in this discussion, words such as “believes”, “anticipates”, “expects”, “intends” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. Readers are urged to carefully review and consider the various disclosures made by us in this report and other reports filed with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect our business.

PART I

Item 1. DESCRIPTION OF BUSINESS.

Narrative Description of the Business

Our 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, as the result of 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.

Operations

General

We are engaged in the business of marketing franchises. We currently possesses such rights in a tanning and beauty salon, a financial/mortgage firm, a medical clinic, and a consumer products/services company.
At the present time, we have no plans to raise any additional funds within the next twelve months. Any working capital will be expected to be generated from internal operations. However, we reserve the right to examine possible additional sources of funds, including, but not limited to, equity or debt offerings, borrowings, or joint ventures. Limited market surveys have ever been conducted to determine demand for our products and services. Therefore, there can be no assur–ance that any of its objectives will be achieved.

Nature of Products and Services

Our principal activities are to acquire franchise, license and distribution rights in new and emerging growth companies.

We currently have such rights in our portfolio to a tanning and beauty salon, a financial/mortgage firm, a medical clinic, and a consumer products/services company:

Endless Summer Tan- founded in 1999, is a tanning, hair, and beauty salon.

Forever Young Rejuvenation Clinics- plans to offer the most advanced, state-of-the-art, and innovative medical treatments in the Medi-Spa industry.

Monarch Funding-a mortgage company.

We have a web site at www.fnhi.net.

Markets

We plan to continue to market our through the internet and using traditional methods such as print and other media. Currently, we have a marketing strategy, which uses the media, along with our web site, to market our products nationwide. We plan to add new accounts through direct solicitation, fax blast marketing, mass e-mail marketing, and participation in franchise industry trade shows.

Raw Materials

The use of raw materials is not now a material factor in our operations.

Customers and Competition

The franchise business is a highly competitive and fragmented industry, with no one single company or group of companies having a large market share. Our operational activities focus primarily on the franchise sales business, in which there is a great deal of competition. We anticipate that competition will come from a number of sources, many of which will have greater resources than we do. All franchisors in the United States are potential competitors. There can be no guarantee that we will be able to compete successfully over the short term or long term.

Employees

Currently, we employ one full-time person, our President. We may hire additional employees in the future to facilitate anticipated growth projections. We reimburse our employee for all necessary and customary business related expenses.

We have no plans or agreements which provide health care, insurance or compensation on the event of termination of employment or change in our control.

Proprietary Information

We own no proprietary information.

Government Regulation

We believe that governmental regulation will not be significant to us now or in the future.

Research and Development

We have never spent any amount in research and development activities.

Environmental Compliance

We believe that we are not subject to any material costs for compliance with any environmental laws.

How to Obtain our SEC Filings

We file annual, quarterly, and special reports, proxy statements, and other information with the Securities Exchange Commission (SEC). Reports, proxy statements and other information filed with the SEC can be inspected and copied at the public reference facilities of the SEC at 100 F Street N.E., Washington, DC 20549. Such material may also be accessed electronically by means of the SEC's website at www.sec.gov.

Our investor relations department can be contacted at our principal executive office located at our principal office 5910 South University Boulevard, C-18, Unit 165, Littleton, Colorado 80121-2800. Our phone number is (303) 220-5001. Our website is www. fnhi.net.

ITEM 1A. RISK FACTORS

You should carefully consider the risks and uncertainties described below and the other information in this document before deciding to invest in shares of our common stock. The occurrence of any of the following risks could materially and adversely affect our business, financial condition and operating result. In this case, the trading price of our common stock could decline and you might lose all or part of your investment.

We do not have a sustained history of profits in our operations and there is no guarantee we will ever become profitable.

We were formed in 1997. We began our present operations in 2003. From the time we began operations until the present, we operated at a loss. We have never been profitable. Since we have no history of profitability over a sustained period of time, we have limited financial results upon which you may judge our potential. While we do not expect to continue to incur losses in the near future, there can be no guarantee that we will be able to sustain our profitable operations. We have experienced in the past and may experience in the future under-capitalization, shortages, setbacks and many of the problems, delays and expenses encountered by any business, many of which are beyond our control. These include:

- Lack of capital for operations,
- Substantial delays and expenses related to testing and development of new products,
- Development and marketing problems encountered in connection with our new and existing products,
- Competition from larger and more established companies, and
- Lack of market acceptance of our products.

Because we have incurred losses from current operations, our accountants have expressed doubts about our ability to continue as a going concern.

For the fiscal year ended September 30, 2007, our accountants have expressed doubt about our ability to continue as a going concern as a result of limited assets and operating losses. Based upon current plans, we expect to incur operating losses in future periods because we will be incurring expenses and not generating sufficient revenues. We expect our operating costs to range between $20,000 and $30,000 for the fiscal year ending September 30, 2008. We cannot guarantee that we will be successful in generating sufficient revenues or other funds in the future to cover these operating costs. Failure to generate sufficient revenues will cause us to go out of business.

Because of our lack of a profitable history and the fact that we are subject to intense competition, any investment in us would be inherently risky.

Because we are a company with no history of profitability and activity in a business which is extremely competitive and subject to numerous risks, any investment in us would be inherently risky. Substantially all of our competitors have greater financial resources and longer operating histories than we have and can be expected to compete within the business in which we engage and intend to engage. There can be no assurance that we will have the necessary resources to become or remain competitive. We are subject to the risks, which are common to all companies with a lack of profitable history. Therefore, investors should consider an investment in us to be an extremely risky venture.

We remain at risk regarding our continued ability to conduct successful operations. As a result, the investment of our shareholders to be impaired or lost.

The results of our operations will depend, among other things, upon our ability to successfully develop and to market our products. Further, it is possible that our operations will not continue to generate income sufficient to meet operating expenses or will generate income and capital appreciation, if any, at rates lower than those anticipated or necessary to sustain ourselves. Our operations may be affected by many factors, some known by us, some unknown, and some, which are beyond our control. Any of these problems, or a combination thereof, could have a materially adverse effect on our viability as an entity and might cause the investment of our shareholders to be impaired or lost.

While we have limited products, the opportunity for development of additional products may take longer than anticipated and could be additionally delayed. Therefore, there can be no assurance of timely completion and introduction of improved products on a cost-effective basis, or that such products, if introduced, will achieve market acceptance such that, in combination with existing products, they will sustain us or allow us to achieve profitable operations.

For the foreseeable future, our success will depend upon our management.

Our success is dependent upon the decision making of our director and executive officer. This individual, Mr. A. J. Boisdrenghien, intends to commit as much time as necessary to our business. The loss of Mr. Boisdrenghien could have a materially adverse impact on our operations. We have no written employment agreements with our Chief Executive Officer. We have not obtained key man life insurance on the live of our officer and director.

Our stock price may be volatile, and you may not be able to resell your shares at or above your initial sale price.

There has been, and continues to be, a limited public market for our common stock. Although our common stock trades in the Pink Sheets, an active trading market for our shares has not, and may never develop or be sustained. If you purchase shares of common stock, you may not be able to resell those shares at or above the initial price you paid. The market price of our common stock may fluctuate significantly in response to numerous factors, some of which are beyond our control, including the following:

- Actual or anticipated fluctuations in our operating results;
- changes in financial estimates by securities analysts or our failure to perform in line with such estimates;
- changes in market valuations of other mortgage brokerage companies, particularly those that sell products similar to as ours;
- announcements by us or our competitors of significant innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- introduction of technologies or product enhancements that reduce the need for our products; and
- departures of key personnel.

Our stock has a limited public trading market.

While our common stock currently trades, our market is limited and sporadic. We cannot assure that such a market will improve in the future. We cannot assure that an investor will be able to liquidate his investment without considerable delay, if at all. If a more active market does develop, the price may be highly volatile. The factors, which we have discussed in this document, may have a significant impact on the market price of the common stock. It is also possible that the relatively low price of our common stock may keep many brokerage firms from engaging in transactions in our common stock.

The over-the-counter market for stock such as ours has had extreme price and volume fluctuations.

The securities of companies such as ours have historically experienced extreme price and volume fluctuations during certain periods. These broad market fluctuations and other factors, such as new product developments and trends in the our industry and in the investment markets generally, as well as economic conditions and quarterly variations in our operational results, may have a negative effect on the market price of our common stock.

The market for our common stock is subject to rules relating to low-priced stock.

Our common stock is currently listed for trading in the Pink Sheets and is subject to the “penny stock rules” adopted pursuant to Section 15 (g) of the Securities Exchange Act of 1934, as amended. In general, the penny stock rules apply to non-NASDAQ or non-national stock exchange companies whose common stock trades at less than $5.00 per share or which have tangible net worth of less than $5,000,000 ($2,000,000 if the company has been operating for three or more years). Our tangible net worth was below the minimum requirement as of September 30, 2007. Such rules require, among other things, that brokers who trade “penny stock” to persons other than “established customers” complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document, quote information, broker’s commission information and rights and remedies available to investors in penny stocks. Many brokers have decided not to trade “penny stock” because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. The “penny stock rules,” therefore, may have an adverse impact on the market for our common stock.

The lack of a broker or dealer to create or maintain a market in our stock could adversely impact the price and liquidity of our securities.

We have no agreement with any broker or dealer to act as a market maker for our securities and there is no assurance that we will be successful in obtaining any market makers. Thus, no broker or dealer will have an incentive to make a market for our stock. The lack of a market maker for our securities could adversely influence the market for and price of our securities, as well as your ability to dispose of, or to obtain accurate information about, and/or quotations as to the price of, our securities.

Nevada law and our Articles of Incorporation protect our directors from certain types of lawsuits, which could make it difficult for us to recover damages from them in the event of a lawsuit.

Nevada law provides that our directors will not be liable to our company or to our stockholders for monetary damages for all but certain types of conduct as directors. Our Articles of Incorporation require us to indemnify our directors and officers against all damages incurred in connection with our business to the fullest extent provided or allowed by law. The exculpation provisions may have the effect of preventing stockholders from recovering damages against our directors caused by their negligence, poor judgment or other circumstances. The indemnification provisions may require our company to use our assets to defend our directors and officers against claims, including claims arising out of their negligence, poor judgment, or other circumstances.

We do not expect to pay dividends on our common stock.

We have not paid any cash dividends with respect to our common stock, and it is unlikely that we will pay any dividends on our common stock in the foreseeable future. Earnings, if any, that we may realize will be retained in the business for further development and expansion.

ITEM 2. DESCRIPTION OF PROPERTY.

We currently occupy office space on a rent-free basis from our President, Mr. A. J. Boisdrenghien. We have no equipment.

ITEM 3. LEGAL PROCEEDINGS.

A complaint was filed against us regarding the payment of a $50,000 note payable to unrelated parties which was due July 1, 2001. The complaint sought judgment against us in the case requiring that we pay the $50,000 note plus accrued interest of $9,049. The note will continue to bear interest at 11% until paid. As a subsequent event, in 2008 the noteholder agreed to settle the judgment and any outstanding amount due for $6,250 in cash and 15,000 common shares.

On January 22, 2002 we received a notice from the Commonwealth of Kentucky Revenue Cabinet which was addressed to our predecessor, FSGI Corporation, requiring the payment of $10,118 including balances on FSGI's corporation income and license accounts. Our management believed that it received the notice in error as the notice amounts assessed related to our formation in 1998. In 2002 we were attempting to resolve this matter with the Revenue Cabinet staff. After contacting the Revenue Cabinet in 2008, we believes that the Revenue Cabinet considers the case closed with no amounts due.

Otherwise, we are not a party to any material legal proceedings, nor is our property the subject of any material legal proceeding.

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

We held no shareholders meeting in the fourth quarter of our fiscal year.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Principal Market or Markets

Holders

As of September 30, 2007, there were 93 record holders of our common stock and there were 2,840,864 shares of our common stock outstanding.

Market Information

Our shares of common stock are quoted on the Pink Sheets under the trading symbol FNHI. The shares became trading in 1999 but there is no extensive history of trading. The bid and asked price has been $0.15 and $3.00 during the entire time the shares have been quoted. The quotations reflect interdealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

The Securities Enforcement and Penny Stock Reform Act of 1990

The Securities and Exchange Commission has also adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system).

A purchaser is purchasing penny stock which limits the ability to sell the stock. The shares offered by this prospectus constitute penny stock under the Securities and Exchange Act. The shares will remain penny stocks for the foreseeable future. The classification of penny stock makes it more difficult for a broker-dealer to sell the stock into a secondary market, which makes it more difficult for a purchaser to liquidate his/her investment. Any broker-dealer engaged by the purchaser for the purpose of selling his or her shares in us will be subject to Rules 15g-1 through 15g-10 of the Securities and Exchange Act. Rather than creating a need to comply with those rules, some broker-dealers will refuse to attempt to sell penny stock.

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document prepared by the Commission, which:

- contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;

- contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation to such duties or other requirements of the Securities Act of 1934, as amended;

- contains a brief, clear, narrative description of a dealer market, including "bid" and "ask" prices for penny stocks and the significance of the spread between the bid and ask price;

contains a toll-free telephone number for inquiries on disciplinary actions;

defines significant terms in the disclosure document or in the conduct of trading penny stocks; and

contains such other information and is in such form (including language, type, size and format) as the Securities and Exchange Commission shall require by rule or regulation;

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, to the customer:

the bid and offer quotations for the penny stock;

the compensation of the broker-dealer and its salesperson in the transaction;

the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and

monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements will have the effect of reducing the trading activity in the secondary market for our stock because it will be subject to these penny stock rules. Therefore, stockholders may have difficulty selling their securities.

Equity Compensation Plan Information

We have no outstanding stock options or other equity compensation plans.

Reports

We are subject to certain reporting requirements and will furnish annual financial reports to our stockholders, certified by our independent accountants, and will furnish unaudited quarterly financial reports in our quarterly reports filed electronically with the SEC. All reports and information filed by us can be found at the SEC website, www.sec.gov.

Stock Transfer Agent

The stock transfer agent for our securities is Corporate Stock Transfer of Denver, Colorado. Their address is 3200 Cherry Creek Drive South, Suite 430, Denver, Colorado 80209. Their phone number is (303) 282-4800.

Dividend Policy

We have not previously declared or paid any dividends on our common stock and do not anticipate declaring any dividends in the foreseeable future. The payment of dividends on our common stock is within the discretion of our board of directors. We intend to retain any earnings for use in our operations and the expansion of our business. Payment of dividends in the future will depend on our future earnings, future capital needs and our operating and financial condition, among other factors that our board of directors may deem relevant. We are not under any contractual restriction as to our present or future ability to pay dividends.

ITEM 6. SELECTED FINANCIAL DATA

A smaller reporting company is not required to provide the information in this Item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations that are not historical facts are forward-looking statements such as statements relating to future operating results, existing and expected competition, financing and refinancing sources and availability and plans for future development or expansion activities and capital expenditures. Such forward-looking statements involve a number of risks and uncertainties that may significantly affect our liquidity and results in the future and, accordingly, actual results may differ materially from those expressed in any forward-looking statements. Such risks and uncertainties include, but are not limited to, those related to effects of competition, leverage and debt service financing and refinancing efforts, general economic conditions, and changes in applicable laws or regulations. The following discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report.

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes included in this report.

Results of Operations

We had no revenue for the fiscal years ended September 30, 2007 or 2006.

Operating expenses during the year ended September 30, 2007 totaled $1,620, consisting of legal and accounting fees. Operating expenses during the year ended September 30, 2006 totaled $1,620, consisting of legal and accounting fees.

We had a net loss of $32,146 for the fiscal year ended September 30, 2007, compared to a net loss of $32,146 for the fiscal year ended September 30, 2006. We have had several years of losses and our losses may continue into the future.

We believe that overhead cost in current operations should remain fairly constant as sales improve. Each additional sale and correspondingly the gross profit of such sale have minimal offsetting overhead cost

Liquidity and Capital Resources.

At September 30, 2007, we had an unrestricted cash balance of $-0-.

Net cash used for operating activities was $-0- for the fiscal year ended September 30, 2007, compared to $-0- for the fiscal year ended September 30, 2006.

Cash flows used or provided by investing activities was $-0- for the fiscal year ended September 30, 2007, compared to $-0- for the fiscal year ended September 30, 2006.

Cash flows used for financing activities was $-0- for the fiscal year ended September 30, 2007, compared to $-0- for the fiscal year ended September 30, 2006.

Critical Accounting Policies

Our discussion and analysis of results of operations and financial condition are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We evaluate our estimates on an ongoing basis, including those related to provisions for uncollectible accounts receivable, inventories, valuation of intangible assets and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The accounting policies that we follow are set forth in Note 2 to our financial statements as included in this prospectus. These accounting policies conform to accounting principles generally accepted in the United States, and have been consistently applied in the preparation of the financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

A smaller reporting company is not required to provide the information in this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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

FINANCIAL STATEMENTS

September 30, 2006 and 2007,
And For The Period From March 12, 2001
(Inception of Development Stage)
Through September 30, 2007

FRANCHISE HOLDINGS INTERNATIONAL, INC.
(A Development Stage Company)
Financial Statements

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RONALD R. CHADWICK, P.C.
Certified Public Accountant
2851 South Parker Road, Suite 720
Aurora, Colorado 80014
Telephone (303)306-1967
Fax (303)306-1944

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Franchise Holdings International, Inc.
Greenwood Village, Colorado

I have audited the accompanying balance sheets of Franchise Holdings International, Inc. (a development stage company) as of September 30, 2006 and 2007, and the related statements of operations, stockholders' equity and cash flows for the years then ended, and for the period from March 12, 2001 (inception of the development stage) through September 30, 2007. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Franchise Holdings International, Inc. as of September 30, 2006 and 2007, and the related statements of operations, stockholders' equity and cash flows for the years then ended, and for the period from March 12, 2001 (inception of the development stage) through September 30, 2007 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 6 to the financial statements the Company has suffered recurring losses from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 6. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Aurora, Colorado /s/ Ronald R. Chadwick, P.C.
January 30, 2009 RONALD R. CHADWICK, P.C.

FRANCHISE HOLDINGS INTERNATIONAL, INC.
(A Development Stage Company)
BALANCE SHEETS

	Sept. 30, 2006	Sept. 30, 2007
ASSETS		
Total Assets	$ -	$ -
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 70,884	$ 71,034
Related party payables	12,140	13,610
Notes payable	271,759	271,759
Accrued interest payable	177,528	208,054
Stock subscription payable	18,000	18,000
Other payables	5,084	5,084
Total current liabilties	555,395	587,541
Total Liabilities	555,395	587,541
Stockholders' Equity		
Common stock, $.0001 par value; 20,000,000 shares authorized; 2,840,864 shares issued and outstanding	284	284
Stock subscription receivable		
Additional paid in capital	3,579,806	3,579,806
Accumulated deficit (including $225,120 (2006) and $257,266 (2007)) accumulated during the development stage)	(4,135,485)	(4,167,631)
Total Stockholders' Equity	(555,395)	(587,541)
Total Liabilities and Stockholders' Equity	$ -	$ -

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

FRANCHISE HOLDINGS INTERNATIONAL, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS

	Year Ended Sept. 30, 2006	Year Ended Sept. 30, 2007	Period From Mar. 12, 2001 (Inception of Dev. Stage) To Sept. 30, 2007
Revenues	$ -	$ -	$ -
	-	-	-
Operating expenses:			
General and administrative	1,620	1,620	52,566
	1,620	1,620	52,566
Gain (loss) from operations	(1,620)	(1,620)	(52,566)
Other income (expense):			
Interest expense	(30,526)	(30,526)	(204,700)
	(30,526)	(30,526)	(204,700)
Income (loss) before provision for income taxes	(32,146)	(32,146)	(257,266)
Provision for income tax	-	-	-
Net income (loss)	$ (32,146)	$ (32,146)	$ (257,266)
Net income (loss) per share (Basic and fully diluted)	$ (0.01)	$ (0.01)	
Weighted average number of common shares outstanding	2,840,864	2,840,864	

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

FRANCHISE HOLDINGS INTERNATIONAL, INC.
(A Development Stage Company)
STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Shares (1)	Amount ($.0001 Par)	Additional Paid in Capital	Stock Subscription Receivable	Accumulated Deficit	Stock-holders' Equity
Balances at March 12, 2001 (Inception of development stage)	90,861	$ 9	$ 3,562,331	$ (15,000)	$ (3,910,365)	$ (363,025)
Net income (loss) for the period					(27,487)	(27,487)
Balances at September 30, 2001	90,861	$ 9	$ 3,562,331	$ (15,000)	$ (3,937,852)	$ (390,512)
Net income (loss) for the year					(60,100)	(60,100)
Balances at September 30, 2002	90,861	$ 9	$ 3,562,331	$ (15,000)	$ (3,997,952)	$ (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 income (loss) for the year					(41,245)	(41,245)
Balances at September 30, 2003	2,840,864	$ 284	$ 3,579,806	$ -	$ (4,039,197)	$ (459,107)
Net income (loss) for the year					(31,996)	(31,996)

Balances at September 30, 2004	2,840,864	$	284	$	3,579,806	$	-	$	(4,071,193)	$	(491,103)
Net income (loss) for the year									(32,146)		(32,146)
Balances at September 30, 2005	2,840,864	$	284	$	3,579,806	$	-	$	(4,103,339)	$	(523,249)
Net income (loss) for the year									(32,146)		(32,146)
Balances at September 30, 2006	2,840,864	$	284	$	3,579,806	$	-	$	(4,135,485)	$	(555,395)
Net income (loss) for the year									(32,146)		(32,146)
Balances at September 30, 2007	2,840,864	$	284	$	3,579,806	$	-	$	(4,167,631)	$	(587,541)

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(1) As adjusted for a 1 for 100 reverse stock split effective May 9, 2003.

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

FRANCHISE HOLDINGS INTERNATIONAL, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS

	Year Ended Sept. 30, 2006	Year Ended Sept. 30, 2007	Period From Mar. 12, 2001 (Inception of Dev. Stage) To Sept. 30, 2007
Cash Flows From Operating Activities:			
Net income (loss)	$ (32,146)	$ (32,146)	$ (257,266)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:			
Amortization & depreciation			475
Loss on fixed asset disposal			1,408
Accounts payable		150	19,152
Related party payables	1,620	1,470	18,781
Accrued expenses	30,526	30,526	204,700
Compensatory stock issuances			2,750
Net cash provided by (used for) operating activities	-	-	(10,000)
Cash Flows From Investing Activities:			
Net cash provided by (used for) investing activities	-	-	-

(Continued On Following Page)

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

FRANCHISE HOLDINGS INTERNATIONAL, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS

(Continued From Previous Page)

Period From
Mar. 12, 2001