UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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: September 30, 2017

Commission File Number: 001-35570

CHANTICLEER HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	20-2932652
(State or Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

7621 Little Avenue, Suite 414, Charlotte, NC 28226
(Address of principal executive offices) (zip code)

(704) 366-5122
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods as 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 [ ].

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ].

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer [ ]	**Accelerated Filer [ ]**	**Non-Accelerated Filer (do not check if Smaller Reporting Company) [ ]**
Smaller Reporting Company [X]	**Emerging Growth Company [ ]**	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

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 registrant's common stock, par value $.0001 per share, as of November 9, 2017 was 3,025,643 shares.

Chanticleer Holdings, Inc. and Subsidiaries

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PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

Chanticleer Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	(Unaudited) September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash	$ 295,462	$ 268,575
Restricted cash	250,861	-
Accounts and other receivables	275,205	524,481
Inventories	463,866	539,550
Prepaid expenses and other current assets	333,593	461,074
Assets held for sale, net	725,644	-
TOTAL CURRENT ASSETS	**2,344,631**	**1,793,680**
Property and equipment, net	9,006,200	11,513,693
Goodwill	12,603,545	12,405,770
Intangible assets, net	6,310,949	6,530,243
Investments	800,000	800,000
Deposits and other assets	499,264	442,737
TOTAL ASSETS	**$ 31,564,589**	**$ 33,486,123**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 5,384,918	$ 5,553,068
Current maturities of long-term debt and notes payable	771,032	6,171,649
Current maturities of capital leases payable	4,210	18,449
Due to related parties	194,350	194,350
Deferred rent	89,571	173,775
TOTAL CURRENT LIABILITIES	**6,444,081**	**12,111,291**
Long-term debt, less current portion, net of discount and deferred financing costs of $1,466,739 and $0, respectively	5,142,343	287,445
Convertible notes payable, net of debt discount (premium) of ($14,704) and $46,936, respectively	3,214,704	3,678,064
Redeemable preferred stock: no par value, 62,876 and 19,050 shares issued and outstanding, net of discount of $226,089 and $0, respectively	631,433	257,175
Deferred rent	2,006,715	1,961,751
Deferred tax liabilities	1,591,284	1,485,554
TOTAL LIABILITIES	**19,030,560**	**19,781,280**
Commitments and contingencies		
Common stock subject to repurchase obligation; 0 and 56,290 shares issued and outstanding, respectively	-	349,000
Stockholders' equity:		
Preferred stock: no par value; authorized 5,000,000 shares; 62,876 and 19,050 issued issued and outstanding, respectively	-	-
Common stock: $0.0001 par value; authorized 45,000,000 shares; issued and outstanding 2,514,157 and 2,139,424 shares, respectively	251	213
Additional paid in capital	59,506,252	55,926,196
Accumulated other comprehensive loss	(934,703)	(1,155,658)
Accumulated deficit	(46,942,691)	(42,206,325)
Total Chanticleer Holdings, Inc, Stockholder's Equity	**11,629,109**	**12,564,426**
Non-Controlling Interests	904,920	791,417
TOTAL STOCKHOLDERS' EQUITY	**12,534,029**	**13,355,843**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 31,564,589**	**$ 33,486,123**

See accompanying notes to unaudited condensed consolidated financial statements

Chanticleer Holdings, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Operations

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Revenue:				
Restaurant sales, net	$ 10,479,275	$ 10,737,961	$ 30,657,215	$ 31,068,281
Gaming income, net	115,268	118,136	328,855	315,647
Management fee income	24,999	25,000	74,982	75,000
Franchise income	105,823	95,542	289,626	381,481
Total revenue	**10,725,365**	**10,976,639**	**31,350,678**	**31,840,409**
Expenses:				
Restaurant cost of sales	3,605,212	3,553,684	10,376,160	10,248,770
Restaurant operating expenses	6,119,561	5,888,509	17,649,532	17,140,692
Restaurant pre-opening and closing expenses	34,349	110,432	139,545	117,987
General and administrative expenses	952,959	1,351,112	3,413,001	4,400,826
Asset impairment charge	838,928	-	1,472,890	-
Depreciation and amortization	572,798	590,433	1,768,837	1,738,815
Total expenses	**12,123,807**	**11,494,170**	**34,819,965**	**33,647,090**
Operating loss from continuing operations	**(1,398,442)**	**(517,531)**	**(3,469,287)**	**(1,806,681)**
Other (expense) income				
Interest expense	(309,538)	(453,150)	(1,218,379)	(1,704,556)
Change in fair value of derivative liabilities	-	102,507	-	1,231,608
Gain (loss) on debt refinancing	-	-	(95,310)	-
Other income (expense)	37,839	32,357	50,050	12,388
Total other expense	(271,699)	(318,286)	(1,263,639)	(460,560)
Loss from continuing operations before income taxes	**(1,670,141)**	**(835,817)**	**(4,732,926)**	**(2,267,241)**
Income tax expense	(56,070)	(52,474)	(169,398)	(137,867)
Loss from continuing operations	**(1,726,211)**	**(888,291)**	**(4,902,324)**	**(2,405,108)**
Discontinued operations				
Loss from discontinued operations, net of tax	-	(68,718)	-	(1,304,627)
Loss on write down of net assets	-	-	-	(3,876,161)
Consolidated net loss	**(1,726,211)**	**(957,009)**	**(4,902,324)**	**(7,585,896)**
Less: Net loss attributable to non-controlling interest of continuing operations	168,772	39,248	245,943	53,612
Less: Net loss attributable to non-controlling interest of discontinued operations	-	13,744	-	260,925
Net loss attributable to Chanticleer Holdings, Inc.	**$ (1,557,439)**	**$ (904,017)**	**$ (4,656,381)**	**$ (7,271,359)**
Net loss attributable to Chanticleer Holdings, Inc.:				
Loss from continuing operations	$ (1,557,439)	$ (849,043)	$ (4,656,381)	$ (2,351,497)
Loss from discontinued operations	-	(54,974)	-	(4,919,862)
Net loss attributable to Chanticleer Holdings, Inc.	**$ (1,557,439)**	**$ (904,017)**	**$ (4,656,381)**	**$ (7,271,359)**
Dividends on redeemable preferred stock	(28,219)	-	(79,988)	-
Net loss attributable to common shareholders of Chanticleer Holdings, Inc.	**$ (1,585,658)**	**$ (904,017)**	**$ (4,736,369)**	**$ (7,271,359)**
Net loss attributable to Chanticleer Holdings, Inc. per common share, basic and diluted:	**$ (0.63)**	**$ (0.41)**	**$ (2.10)**	**$ (3.37)**
Continuing operations attributable to common stockholders, basic and diluted	**$ (0.63)**	**$ (0.39)**	**$ (2.10)**	**$ (1.09)**
Discontinued operations attributable to common stockholders, basic and diluted	**$ -**	**$ (0.02)**	**$ -**	**$ (2.28)**

Weighted average shares outstanding, basic and diluted	2,501,534	2,195,715	2,258,013	2,160,703

See accompanying notes to unaudited condensed consolidated financial statements

Chanticleer Holdings, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Comprehensive Loss

	Three Months Ended		Nine Months Ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Net loss attributable to Chanticleer Holdings, Inc.	**$ (1,557,439)**	**$ (904,017)**	**$ (4,656,381)**	**$ (7,271,359)**
Unrealized loss on available-for-sale securities, net of tax	-	-	-	(24,501)
Foreign currency translation gain (loss)	31,785	(126,452)	220,955	(235,592)
Total other comprehensive income (loss)	31,785	(126,452)	220,955	(260,093)
Comprehensive loss	**$ (1,525,654)**	**$ (1,030,469)**	**$ (4,435,426)**	**$ (7,531,452)**

See accompanying notes to unaudited condensed consolidated financial statements

Chanticleer Holdings, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows

	Nine Months Ended	
	September 30, 2017	September 30, 2016
Cash flows from operating activities:		
Net loss	$ (4,902,324)	$ (7,585,896)
Net loss from discontinued operations	-	5,180,788
Net loss from continuing operations	(4,902,324)	(2,405,108)
Adjustments to reconcile net loss from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	1,768,837	1,738,815
Asset impairment charge	1,472,890	-
Loss on debt refinancing	95,310	-
Common stock and warrants issued for services	217,816	24,510
Common stock and warrants issued for interest	-	349,000
Amortization of debt discount	501,126	925,806
Change in assets and liabilities:		
Accounts and other receivables	249,255	(34,820)
Prepaid and other assets	50,667	153,895
Inventory	23,872	55,173
Accounts payable and accrued liabilities	320,135	501,078
Change in amounts payable to related parties	-	196,600
Derivative liabilities	-	(1,231,608)
Deferred income taxes	105,729	96,318
Deferred rent	109,219	(290,530)
Net cash provided by operating activities from continuing operations	12,532	79,129
Net cash used in operating activities from discontinued operations	-	(75,000)
Net cash provided by operating activities	12,532	4,129
Cash flows from investing activities:		
Purchase of property and equipment	(1,323,066)	(708,214)
Cash paid for acquisitions, net of cash acquired	-	(72,215)
Proceeds from sale of investments	-	8,902
Net cash used in investing activities from continuing operations	(1,323,066)	(771,527)
Cash flows from financing activities:		
Proceeds from sale of preferred stock	591,651	-
Payments related to sale of preferred stock	(243,480)	-
Loan proceeds	6,594,535	125,000
Payment of deferred financing costs	(293,294)	
Loan repayments	(5,706,774)	(340,582)
Proceeds from convertible debt	-	-
Capital lease payments	(20,916)	(32,897)
Contribution of non-controlling interest	675,000	796,911
Net cash provided by financing activities from continuing operations	1,596,722	548,432
Effect of exchange rate changes on cash	(8,440)	(14,693)
Net increase (decrease) in cash and restricted cash	277,748	(233,659)
Cash and restricted cash, beginning of period	268,575	1,224,415
Cash and restricted cash, end of period	$ 546,323	$ 990,756

See accompanying notes to unaudited condensed consolidated financial statements

Chanticleer Holdings, Inc. and Subsidiaries
Unaudited Consolidated Statements of Cash Flows, continued

	Nine Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
Supplemental cash flow information:				
Cash paid for interest and income taxes:				
Interest	$	601,972	$	270,696
Income taxes		6,532		-
Non-cash investing and financing activities:				
Convertible debt settled through issuance of common stock	$	625,000	$	-
Accrued interest settled through issuance of convertible debt		95,107		-
Preferred stock dividends paid through issuance of common stock		34,377		-
Commons stock issued in connection with working capital adjustment		27,018		-
Purchases of businesses:				
Current assets excluding cash	$	-	$	1,611
Goodwill		-		70,604
Cash paid for acquisitions	$	-	$	72,215

See accompanying notes to unaudited condensed consolidated financial statements

1. NATURE OF BUSINESS

ORGANIZATION

Chanticleer Holdings, Inc. and its subsidiaries (together, the "Company") are in the business of owning, operating and franchising fast casual dining concepts domestically and internationally.

The consolidated financial statements include the accounts of Chanticleer Holdings, Inc. and its subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

The Company operates on a calendar year-end. The accounts of Hooters Nottingham ("WEW"), are consolidated based on a 13 and 26 week periods ending on the Sunday closest to each calendar quarter end. No events occurred related to the difference between the Company's reporting calendar period-end and the subsidiary's period end that materially affected the company's financial position, results of operations, or cash flows.

Name	Jurisdiction of Incorporation	Percent Owned	Name	Jurisdiction of Incorporation	Percent Owned
CHANTICLEER HOLDINGS, INC.	**DE, USA**				
Burger Business			***Just Fresh***		
American Roadside Burgers, Inc.	DE, USA	100%	JF Franchising Systems, LLC	NC, USA	56%
ARB Stores			JF Restaurants, LLC	NC, USA	56%
American Burger Ally, LLC	NC, USA	100%			
American Burger Morehead, LLC	NC, USA	100%	***West Coast Hooters***		
American Roadside McBee, LLC	NC, USA	100%	Jantzen Beach Wings, LLC	OR, USA	100%
American Roadside Southpark LLC	NC, USA	100%	Oregon Owl's Nest, LLC	OR, USA	100%
American Roadside Burgers Smithtown, Inc.	DE, USA	100%	Tacoma Wings, LLC	WA, USA	100%
American Burger Prosperity, LLC	NC, USA	100%			
BGR Acquisition, LLC	NC, USA	100%	***South African Entities***		
BGR Acquisition 1, LLC	NC, USA	100%	Chanticleer South Africa (Pty) Ltd.	South Africa	100%
BGR Franchising, LLC	VA, USA	100%	Hooters Emperors Palace (Pty.) Ltd.	South Africa	88%
BGR Operations, LLC	VA, USA	100%	Hooters On The Buzz (Pty) Ltd	South Africa	95%
BGR Arlington, LLC	VA, USA	100%	Hooters PE (Pty) Ltd	South Africa	100%
BGR Cascades, LLC	VA, USA	100%	Hooters Ruimsig (Pty) Ltd.	South Africa	100%
BGR Dupont, LLC	DC, USA	100%	Hooters SA (Pty) Ltd	South Africa	78%
BGR Old Keene Mill, LLC	VA, USA	100%	Hooters Umhlanga (Pty.) Ltd.	South Africa	90%

BGR Old Town, LLC	VA, USA	100%	Hooters Willows Crossing (Pty) Ltd	South Africa	100%
BGR Potomac, LLC	MD, USA	100%			
BGR Springfield Mall, LLC	VA, USA	100%	***European Entities***		
BGR Tysons, LLC	VA, USA	100%	Chanticleer Holdings Limited	Jersey	100%
BGR Washingtonian, LLC	MD, USA	100%	West End Wings LTD	United Kingdom	100%
Capitol Burger, LLC	MD, USA	100%	Chanticleer Finance UK (No. 1) Plc	United Kingdom	100%
BGR Mosaic, LLC	VA, USA	100%			
BGR Michigan Ave, LLC	DC, USA	100%	***Inactive Entities***		
BGR Chevy Chase, LLC	MD, USA	100%	Hoot Surfers Paradise Pty. Ltd.	Australia	60%
BT Burger Acquisition, LLC	NC, USA	100%	Hooters Brazil	Brazil	100%
BT's Burgerjoint Biltmore, LLC	NC, USA	100%	DineOut SA Ltd.	England	89%
BT's Burgerjoint Promenade, LLC	NC, USA	100%	Avenel Financial Services, LLC	NV, USA	100%
BT's Burgerjoint Rivergate LLC	NC, USA	100%	Avenel Ventures, LLC	NV, USA	100%
BT's Burgerjoint Sun Valley, LLC	NC, USA	100%	Chanticleer Advisors, LLC	NV, USA	100%
LBB Acquisition, LLC	NC, USA	100%	Chanticleer Investment Partners, LLC	NC, USA	100%
Cuarto LLC	OR, USA	100%	Dallas Spoon Beverage, LLC	TX, USA	100%
LBB Acquisition 1 LLC	OR, USA	100%	Dallas Spoon, LLC	TX, USA	100%
LBB Green Lake LLC	OR, USA	50%	American Roadside Cross Hill, LLC	NC, USA	100%
LBB Hassalo LLC	OR, USA	80%	UK Bond Company	United Kingdom	100%
LBB Platform LLC	OR, USA	80%			
LBB Progress Ridge LLC	OR, USA	50%			
Noveno LLC	OR, USA	100%			
Octavo LLC	OR, USA	100%			
Primero LLC	OR, USA	100%			
Quinto LLC	OR, USA	100%			
Segundo LLC	OR, USA	100%			
Septimo LLC	OR, USA	100%			
Sexto LLC	OR, USA	100%			
LBB Wallingford, LLC	WA, USA	50%			
LBB Capitol Hill, LLC	WA, USA	50%			
LBB Franchising, LLC	NC, USA	100%			
LBB Multnomah Village LLC	OR, USA	50%			

GENERAL

The accompanying condensed consolidated financial statements included in this report have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim reporting and include all adjustments (consisting only of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation. These condensed consolidated financial statements have not been audited. The results of operations for the three month and nine months periods ended September 30, 2017 are not necessarily indicative of the operating results for the full year.

Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations for interim reporting. The Company believes that the disclosures contained herein are adequate to make the information presented not misleading. However, these financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on March 31, 2017. Certain amounts for the prior year have been reclassified to conform to the current year presentation.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2017, our unrestricted cash balance was $0.3 million and, our working capital was negative $4.1 million. We incurred losses from continuing operations of $4.9 million and cash provided by operating activities was $13 thousand for the nine months ended September 30, 2017. Our debt, preferred stock, accounts payable and accrual obligations total approximately $15.3 million. The level of additional cash needed to fund operations and our ability to conduct business for the next twelve months will be influenced primarily by the following factors:

- our ability to access the capital and debt markets to satisfy current obligations and operate the business;
- our ability to continue to extend, refinance or recapitalize our debt obligations;
- the level of investment in new restaurant businesses and entering new markets;
- our ability to manage our operating expenses and generate positive cash flow as we grow:
- popularity of and demand for our fast-casual dining concepts; and
- general economic conditions and changes in consumer discretionary income.

We have typically funded our operating costs, acquisition activities, working capital deficits and expenditures with proceeds from the issuances of our common stock and other financing arrangements, including common stock, convertible debt, lines of credit, notes payable, capital leases, and other forms of external financing.

Our operating plans for the next twelve months contemplate moderate organic growth, opening 2-3 new company stores per quarter, the majority of which will utilize partnership funds from outside investors. We also are evaluating asset sales and divestitures of our non-burger brands as well as the closing of underperforming locations within our burger business. As we execute our plans over the next twelve months, we intend to carefully monitor the impact of growth on our working capital needs and cash balances relative to the availability of cost-effective debt and equity financing.

We have approximately $6.4 million in current liabilities payable within the next twelve months and approximately $15 million in obligations that will have to be paid or refinanced within the next twenty-four months. In the event that additional working capital is not available, we may then have to scale back or freeze our growth plans, sell assets on unfavorable terms, reduce expenses, and/or curtail future acquisition plans and current operations to manage our liquidity and capital resources. We also have financial covenants and debt service obligations and may incur financial penalties or other negative actions from our lenders that could significantly impact the business if we are not able to meet those obligations.

During March 2017, we extended the payment terms of our convertible debt obligations. During May 2017, we completed a $6 million private placement of 8% debentures and warrants, the proceeds of which were used to repay, settle and release the $5 million note payable and related obligations to Florida Mezzanine Fund and to provide additional working capital for new store openings and operations. During October 2017, we entered into a $1 million private placement of common stock and warrants, the proceeds of which were used to fund working capital and current payment obligations.

Management is actively considering the possible benefits of selling certain of its operating assets to reduce debt and provide additional working capital to fund future growth of its domestic burger business, as well as possibly closing certain underperforming store locations to improve operating cash flow. Our evaluations are at a preliminary stage, no decisions have been made, and we can provide no assurance that the Company will proceed with asset sales, or that such asset sales could be completed on favorable terms, or at all. In the event that management does elect to proceed with asset sales in the future rather than continue to hold and operate all its assets long term, management's assessment of the fair value, and ultimate recoverability, of goodwill, intangibles, and other long-lived assets could be impacted and the Company could incur significant noncash charges and cash exit costs in future periods.

There can be no assurance that we will be successful in implementing our plans, obtaining additional debt or equity financing at reasonable terms, if at all, or selling any of our operating assets. Accordingly, this raises substantial doubt about our ability to continue on a going concern for a period of one year from the issuance of these condensed consolidated financial statements.

The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might become necessary should the Company decide to liquidate assets or be unable to continue as a going concern.

REVERSE SPLIT

As of May 19, 2017, the Company effected a one-for-ten reverse stock split of the Company's shares of common stock. As a result of reverse stock split, each ten shares of common stock issued and outstanding were combined into one share of common stock. No fractional shares were issued in connection with the reverse stock split. The Company rounded fractional shares up to the nearest whole number.

The reverse stock split had no impact on the par value per share of the Company's common stock or the number of authorized shares. All current and prior period amounts related to shares, share prices and earnings per share contained in the accompanying unaudited condensed consolidated financial statements have been restated to give retrospective presentation for the reverse stock split.

2. SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to our significant accounting policies previously disclosed in the Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include the valuation of the investments in portfolio companies, deferred tax asset valuation allowances, valuing warrants using the Black Scholes models, intangible asset valuations and useful lives, depreciation and uncollectible accounts and reserves. Actual results could differ from those estimates.

REVENUE RECOGNITION

Revenue is recognized when all of the following criteria have been satisfied:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred or services have been rendered;
- The seller's price to the buyer is fixed or determinable; and
- Collectability is reasonably assured.

Restaurant Net Sales and Food and Beverage Costs

The Company records revenue from restaurant sales at the time of sale, net of discounts, coupons, employee meals, and complimentary meals and gift cards. Sales, value added tax ("VAT") and goods and services tax ("GST") collected from customers and remitted to governmental authorities are presented on a net basis within sales in our consolidated statements of operations and comprehensive loss. Restaurant cost of sales primarily includes the cost of food, beverages, and merchandise and disposable paper and plastic goods used in preparing and selling our menu items, and exclude depreciation and amortization. Vendor allowances received in connection with the purchase of a vendor's products are recognized as a reduction of the related food and beverage costs as earned.

Management Fee Income

The Company receives revenue from management fees from certain non-affiliated companies, including from managing its investment in Hooters of America.

Gaming Income

The Company receives revenue from operating a gaming facility adjacent to its Hooters restaurant in Jantzen Beach, Oregon. The Company also previously received gaming revenue from gaming machines located in Sydney, Australia. Revenue from gaming is recognized as earned from gaming activities, net of taxes and other government fees.

Franchise Income

The Company accounts for initial franchisee fees in accordance with FASB ASC 952, Franchisors. The Company grants franchises to operators in exchange for initial franchise license fees and continuing royalty payments. Franchise license fees are deferred when received and recognized as revenue when the Company has performed substantially all initial services required by the franchise or license agreement, which is generally upon the opening of a store. Continuing fees, which are based upon a percentage of franchisee revenues, are recognized on the accrual basis as those sales occur.

LOSS PER COMMON SHARE

The Company is required to report both basic earnings per share, which is based on the weighted-average number of shares outstanding, and diluted earnings per share, which is based on the weighted-average number of common shares outstanding plus all potentially diluted shares outstanding. The following table summarizes the number of common shares potentially issuable upon the exercise of certain warrants, convertible notes payable and convertible interest as of September 30, 2017 and 2016 that have been excluded from the calculation of diluted net loss per common share since the effect would be antidilutive.

	September 30, 2017	September 30, 2016
Warrants	1,862,758	950,630
Convertible notes	366,667	383,634
Accrued interest on convertible notes	-	28,777
Total	2,229,425	1,363,041

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 "Revenue from Contracts with Customers (as subsequently amended)" which provides a single, comprehensive accounting model for revenue arising from contracts with customers. This guidance supersedes most of the existing revenue recognition guidance, including industry-specific guidance. Under this model, revenue is recognized at an amount that a company expects to be entitled to upon transferring control of goods or services to a customer. The new guidance also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flow arising from customer contracts, including significant judgments and changes in judgments. The new guidance will be effective for the Company beginning in calendar 2018 and may be applied retrospectively to all prior periods presented or through a cumulative adjustment to the opening retained earnings balance in the year of adoption. The Company is currently evaluating the effect of this update on its consolidated financial statements and expects to use the modified retrospective approach upon adoption and believes that the primary change on the Company's revenue recognition practices will be to recognize initial franchise fees over the life of the related franchise agreements, which will result in those franchise fees to be recognized over a longer timeframe.

In November 2015, the FASB issued ASU No. 2015-07 "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes" related to the presentation of deferred income taxes. The guidance requires that deferred tax assets and liabilities be classified as non-current in a consolidated balance sheet. This guidance was adopted in the first quarter of 2017 and did not materially affect the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02 "Leases," which supersedes ASC 840 "Leases" and creates a new topic, ASC 842 "Leases." This update requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The update also expands the required quantitative and qualitative disclosures surrounding leases. This update is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, with earlier adoption permitted. This update will be applied using a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Company has not completed its evaluation of effect this update will have on its consolidated financial statements, but does expect there could be a material increase in both assets and liabilities reflected on its consolidated balance sheets as a result of adoption as of January 1, 2019.

In January 2017, the FASB issued ASU No. 2017-04 "Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." The new guidance simplifies the test for goodwill impairment. Currently, the fair value of the reporting unit is compared with the carrying value of the reporting unit (identified as "Step 1"). If the fair value of the reporting unit is lower than its carrying amount then, the implied fair value of goodwill is calculated. If the implied fair value of goodwill is lower than the carrying value of goodwill an impairment is recognized (identified as "Step 2"). The new standard eliminates Step 2 from the impairment test; therefore, a goodwill impairment will be recognized as the difference of the fair value and the carrying value of the reporting unit. The new standard becomes effective on January 1, 2020 with early adoption permitted.

There are several other new accounting pronouncements issued by FASB, which are not yet effective. Each of these pronouncements has been or will be adopted, as applicable, by the Company. At September 30, 2017, other than the adoption of ASU No. 2016-02 "Leases," none of these pronouncements are expected to have a material effect on the financial position, results of operations or cash flows of the Company.

3. ACQUISITIONS

2016 Acquisition

The Company completed one acquisition during 2016, which was the acquisition of a restaurant location in the Harris YMCA in Charlotte, N.C. to expand our Just Fresh business. The Company allocated the purchase price as of the date of acquisition based on the estimated fair value of the acquired assets and assumed liabilities. In consideration of the purchased assets, the Company paid a purchase price totaling $72,215 in cash, of which $1,611 was allocated to acquired inventory and $70,604 to goodwill. The equipment and other assets used in the operation of the business are property of the YMCA and no other tangible or identifiable intangible assets other than inventory were acquired, with the balance being allocated to goodwill.

No proforma information was included as the proforma impact of the acquisition is not material.

4. DISCONTINUED OPERATIONS

In September 2016, the Company approved a plan to exit the Australia and Eastern Europe markets, authorizing management to sell or close its five Hooters stores in Australia and its one store in Budapest.

The Company completed the sale of the Hooters Australia and Budapest stores during the third quarter of 2016, transferring substantially all of the assets and liabilities of those operations to the local operating groups. In both cases, the Company did not receive any proceeds from the transfer, although in the case of Hooters Australia, the Company retained a five-year option to repurchase a 20% interest in the stores for $1.

There were no remaining balances attributable to discontinued operations on the accompanying condensed consolidated balance sheets as of September 30, 2017 or December 31, 2016.

The major line items comprising the loss of discontinued operations are as follows:

Major line items constituting pre-tax loss of discontinued operations:

	Three Months Ended		Nine Months Ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Revenue	$ -	$ 457,527	$ -	$ 3,427,928
Restaurant cost of sales	-	154,191	-	1,196,734
Restaurant operating expenses	-	329,884	-	2,780,441
General and administrative expenses	-	42,169	-	296,343
Depreciation and amortization	-	-	-	436,144
Other	-	1		22,893
Loss of discontinued operations	-	(68,718)		(1,304,627)
Loss on write-down of net assets	-	-	-	(3,876,161)
Total pretax loss of discontinued operations	-	(68,718)		(5,180,788)
Income tax	-	-	-	-
Loss on discontinued operations	$ -	$ (68,718)	$ -	$ (5,180,788)

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	September 30, 2017	December 31, 2016
Leasehold improvements	$ 10,156,225	$ 10,363,996
Restaurant furniture and equipment	5,979,837	6,716,926
Construction in progress	325,706	582,265
Office and computer equipment	68,303	68,303
Land and buildings	-	826,664
Office furniture and fixtures	108,030	108,030
	16,638,101	18,666,184
Accumulated depreciation and amortization	(7,631,901)	(7,152,491)
	$ 9,006,200	$ 11,513,693

During 2017, the Company recognized asset impairment charges totaling $1.5 million related to the closure of two BGR locations and the potential sale of two Hooters locations. Property and equipment was written down by $2.3 million to reflect the asset held for sale, or closed, of net realizable value.

6. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill is summarized by operating segment as follows:

	September 30, 2017	December 31, 2016
Hooters Full Service	$ 4,658,942	$ 4,461,167
Better Burgers Fast Casual	7,448,848	7,448,848
Just Fresh Fast Casual	495,755	495,755
	$ 12,603,545	$ 12,405,770

The changes in the carrying amount of goodwill are summarized as follows:

	September 30, 2017	December 31, 2016
Beginning Balance	$ 12,405,770	$ 12,702,139
Acquisitions	-	70,604
Adjustments	-	62,192
Foreign currency translation (loss) gain	197,775	(429,165)
Ending Balance	$ 12,603,545	$ 12,405,770

Other intangible assets, consisting of franchise costs, trademarks and tradenames, is summarized by location as follows:

	Estimated Useful Life	September 30, 2017	December 31, 2016
Trademark, Tradenames:			
Just Fresh	10 years	$ 1,010,000	$ 1,010,000
American Roadside Burger	10 years	1,786,930	1,786,930
BGR: The Burger Joint	Indefinite	1,430,000	1,430,000
Little Big Burger	Indefinite	1,550,000	1,550,000
		5,776,930	5,776,930
Franchise fees:			
Hooters South Africa	20 years	325,900	322,258
Hooters Pacific NW	20 years	74,507	88,826
BGR: The Burger Joint	Indefinite	1,320,000	1,320,000
Hooters UK	5 years	13,042	30,848
		1,733,449	1,761,932
Total Intangibles at cost		7,510,379	7,538,862
Accumulated amortization		(1,199,430)	(1,008,619)
Intangible assets, net		$ 6,310,949	$ 6,530,243

The Company reviews goodwill for impairment annually or more frequently if indicators of impairment exist. Goodwill is not subject to amortization and has been assigned to reporting units for purposes of impairment testing. The reporting units are our segments.

A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include, among others: a significant decline in the Company's expected future cash flows; a sustained, significant decline in our stock price and market capitalization; a significant adverse change in legal factors or in the business climate; unanticipated competition; the testing for recoverability of a significant asset group within a reporting unit; and slower growth rates. Any adverse change in these factors could have a significant impact on the recoverability of these assets and could have a material impact on the Company's consolidated financial statements.

The goodwill impairment test involves a two-step process. The first step is a comparison of each reporting unit's fair value to its carrying value. The Company estimates fair value using the best information available, including market information and discounted cash flow projections (also referred to as the income approach). The income approach uses a reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions. The projection uses management's best estimates of economic and market conditions over the projected period including growth rates in sales, costs and number of units, estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, future estimates of capital expenditures and changes in future working capital requirements. The Company validates its estimates of fair value under the income approach by comparing the values to fair value estimates using a market approach. A market approach estimates fair value by applying cash flow and sales multiples to the reporting unit's operating performance. The multiples are derived from comparable publicly traded companies with similar operating and investment characteristics of the reporting units.

If the fair value of the reporting unit is higher than its carrying value, goodwill is deemed not to be impaired, and no further testing is required. If the carrying value of the reporting unit is higher than its fair value, there is an indication that impairment may exist and the second step must be performed to measure the amount of impairment loss. The amount of impairment is determined by comparing the implied fair value of reporting unit goodwill to the carrying value of the goodwill in the same manner as if the reporting unit was being acquired in a business combination. Specifically, fair value is allocated to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that would calculate the implied fair value of goodwill. If the implied fair value of goodwill is less than the recorded goodwill, the Company would record an impairment loss for the difference.

Management tested its long-lived assets for impairment as of September 30, 2017 comparing each reporting unit's fair value to its carrying value. That assessment included the assumption that management would continue to hold and operate each segment and generate cash flows over a period of years. Those cash flows were discounted using the income approach and compared to the carrying value of each segment. Management also evaluated the fair value of the reporting segments using the market value approach, comparing the carrying value to fair value based on multiples of current earnings and other indicators of value for each reporting unit. Management determined that the estimated fair value of its reporting units was greater than the carrying value of the reporting units and that the Company's goodwill, intangibles and long-lived assets were not impaired as of September 30, 2017.

However, management noted that the margin between the estimated fair value and carrying value of the reporting units was very narrow and that the impairment assessment in future periods would be sensitive to changes in estimates of cash flow, discount rates and other assumptions increasing the risk that an impairment could be triggered in future periods. The Company is also considering various strategies to improve cash flow and reduce long term debt, which could include selling certain of its operating assets, as well as possibly closing certain underperforming store locations to improve operating cash flow.

Those strategic evaluations are at a preliminary stage as of the date of this report, no decisions have been made, and management can provide no assurance that the Company will proceed with any asset sales, or that such asset sale can be completed on favorable terms, or at all.

In the event that management does elect to proceed with asset sales and/or effect store closures in the future rather than continue to hold and operate all its assets long term, management's assessment of the fair value, and ultimate recoverability, of goodwill, intangibles, property and equipment and other assets would be impacted and the Company could incur significant noncash impairment charges and cash exit costs in future periods.

7. LONG-TERM DEBT AND NOTES PAYABLE

Long-term debt and notes payable are summarized as follows.

	September 30, 2017	December 31, 2016
Note Payable, due December 2018, net of discount of $1,466,739 and $0, respectively (a)	$ 4,533,261	$ -
Note Payable, due January 2017 (a)	-	5,000,000
Notes Payable Paragon Bank (b)	637,270	811,205
Note Payable (c)	75,000	-
Receivables financing facilities (d)	186,728	161,899
Mortgage Note, South Africa, due July 2024 (e)	209,901	215,962
Bank overdraft facilities, South Africa, annual renewal	167,209	124,598
Equipment financing arrangements, South Africa	104,006	145,430
Total long-term debt	**$ 5,913,375**	**$ 6,459,094**
Current portion of long-term debt	**771,032**	**6,171,649**
Long-term debt, less current portion	**$ 5,142,343**	**$ 287,445**

For the nine months ended September 30, 2017 and 2016 amortization of debt discount was $502,053 and $128,901 respectively.

a) On May 4, 2017, pursuant to a Securities Purchase Agreement, the Company issued 8% non-convertible secured debentures in the principal amount of $6,000,000 and warrants to purchase 1,200,000 shares of common stock (as adjusted for the Company's subsequent one-for-ten reverse stock split) to accredited investors. The debentures bear interest at a rate of 8% per annum, payable in cash quarterly in arrears. The debentures mature on December 31, 2018 and contain customary financial and other covenants, including a requirement to maintain positive earnings before interest, taxes, depreciation and amortization. The debentures are secured by a second priority security interest on the Company's assets and the obligation is guaranteed by the Company's subsidiaries. The debentures contain a mandatory redemption provision that is triggered by an asset sale. Sale of greater than 33% of the Company's assets will also trigger an event of default. Upon any event of default, in addition to other customary remedies, the holders have the right, at their sole option, to purchase Little Big Burger from the Company, for an aggregate purchase price of $6,500,000. The warrants have an exercise price of $3.50 (as adjusted for the reverse stock split) and a ten-year term. The warrants are not exercisable until November 4, 2017. Warrants to purchase 800,000 shares include a beneficial ownership limit upon exercise of 4.99% of the number of shares of the common stock outstanding immediately after giving effect to the issuance of shares of common stock issuable upon exercise of the warrant; warrants to purchase the remaining 400,000 shares were amended to increase the beneficial ownership limit upon exercise to 19.99%.

In conjunction with the financing described above, the Company entered into a Satisfaction, Settlement and Release Agreement with Florida Mezzanine Fund LLLP, a Florida limited liability partnership ("Florida Mezz"), pursuant to which Florida Mezz agreed to release the Company from all claims and outstanding obligations pursuant to that certain Assumption Agreement dated September 30, 2014, as amended October 15, 2014 and October 22, 2016, and that certain Agreement dated May 23, 2016, as amended January 30, 2017, in exchange for payment of $5,000,000.

Five million of the net proceeds from the offering were remitted to Florida Mezz, $500,000 was reserved to fund the opening of new stores, and the balance of $206,746, after transaction expenses, was used for working capital and general corporate purposes. As of September 30, 2017, $250,861 of the proceeds restricted to fund the opening of new stores remains unexpended, and has been presented as restricted cash in the accompanying condensed consolidated balance sheet.

As a result of the issuance of the debentures and the settlement of the Florida Mezz obligations subsequent to March 31, 2016, the $5 million notes payable are no longer outstanding, the Company's share repurchase obligation from Florida Mezz has been terminated and Florida Mezz waived unpaid interest and penalties previously recorded in the Company's consolidated financial statements which resulted in the Company recognizing a gain of $267,512. As a result, as of September 30, 2017, the shares subject to repurchase were reclassified from temporary equity to permanent capital and the amounts accrued for interest and penalties reversed effective as of May 14, 2017.

The new $6 million loan was accounted for as a new borrowing with consideration allocated between the loan and the warrants based upon the relative fair value of the loan and the warrants. The Company valued the warrants associated with the new debt obligation using the Black Sholes model, which resulted in the allocation of $1.7 million to additional paid in capital with a corresponding offset to debt discount. In addition, there were $0.3 million in debt origination costs that are also accounted for as an offset to outstanding debt. The resulting debt discount of $2.0 million is being amortized to interest expense over the 20-month term of the notes.

b) The Company has three term loans with Paragon Bank, all of which are collateralized by all assets of the Company and personally guaranteed by our Chief Executive Officer. The outstanding balance, interest rate and maturity date of each loan is as follows:

	Maturity date	Interest rate	Principal balance	Monthly principal and interest payment
Note 1	9/10/2018	5.50%	$ 49,089	$ 4,406
Note 2	5/10/2019	5.25%	231,573	11,532
Note 3	8/10/2021	5.25%	356,608	8,500
			$ 637,270	$ 24,438

(c) The Company has a promissory note payable on demand in the amount of $75,000 with 800 shares of restricted company common stock to be paid to the lender each month while the note is outstanding.

d) During February 2017, in consideration for proceeds of $330,000, the Company agreed to remit a total of $412,500 from the merchant accounts of eight of its restaurant locations directly to a lender. The Company originally agreed to make payments of $1,965 per day for 210 days. As of October 2017, the daily payment amount was modified to $1,200 per day and the term was extended to February 2018, with total remittance over the life of the loan unchanged. Also, during March 2017 in consideration for proceeds of $150,000, the company agreed to remit a total of $205,500 from the merchant accounts of three of its restaurant locations directly to the lender. The Company agreed to make payments of $856 per day for 240 days. The Company granted a security interest in the credit card receivables of the specified restaurants in connection with the Receivables Financing Agreements.

(e) The Company's mortgage note is secured by the Company's land and building used for the Hooters Port Elizabeth facility. The Company has entered into a contract to sell land and building and closed the Port Elizabeth Hooters location during the third calendar quarter of 2017. The Company estimates it would receive gross proceeds of approximately 6 million Rand (approximately $470,000 USD net estimated proceeds after broker commissions) at closing which is expected to occur before the end of calendar 2017. The Company expects to pay the mortgage note in full at closing using the net proceeds from the sale of the property. The net assets and liabilities related to Port Elizabeth location have been reclassified to Assets Held for Sale in the accompanying unaudited condensed consolidated balance sheet as of September 30, 2017 and an impairment loss of $738,000 related to this property has been reflected in the accompanying unaudited condensed statement of operations for the periods ended September 30, 2017. There can be no assurance that the transaction will close and the estimated net proceeds and impairment loss remain subject to adjustment until finalization of the transaction.

8. CONVERTIBLE NOTES PAYABLE

Convertible Notes payable are summarized as follows:

	September 30, 2017	December 31, 2016
6% Convertible notes payable due June 2018	$ 3,000,000	$ 3,000,000
Discounts on above convertible note	-	-
8% Convertible notes payable due March 2019	100,000	100,000
Premium on above convertible note	7,352	-
8% Convertible notes payable due March 2019	100,000	150,000
Premium (discount) on above convertible note	7,352	(46,936)
8% Convertible notes payable due March 2019	-	475,000
Total Convertible notes payable	**3,214,704**	**3,678,064**
Current portion of convertible notes payable	**-**	**-**
Convertible notes payable, less current portion	**$ 3,214,704**	**$ 3,678,064**

For the nine months ended September 30, 2017 and 2016 amortization of debt premium was $27,014 and amortization of debt discount was $793,904, respectively.

Pursuant to exchange agreements dated and effective March 10, 2017 by and between the Company and four existing note holders, the Company exchanged its 8% convertible notes in the aggregate principal amount of $725,000, which notes were in default, for new two-year 2% notes, in the aggregate principal amount of $820,107, representing $725,000 in principal and $95,107 unpaid accrued interest. The original convertible notes were canceled and new convertible notes issued that may be converted to common stock of the Company, at the option of the holder, at a conversion price of $3.00 per share. The notes have a two-year term, but may be called by the holder after the one-year anniversary of the exchange date. During March 2017, subsequent to the exchange agreements, convertible notes in the amount of $150,000 were converted by the holders into 50,000 shares of common stock. During April and May 2017, convertible notes in the amount of $475,000, plus related accrued interest balances, were converted by the holders into 187,798 shares of common stock.

The exchange of the convertible notes was accounting for as an extinguishment of the previous debt, resulting in the recognition of a net loss on extinguishment of $362,822 in the accompanying condensed consolidated financial statements, which was recorded during March 2017. In addition, the lenders of the $3 million 6% convertible debt agreed to waive defaults and extend the note maturity by eighteen months to December 2018.

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are summarized as follows:

	September 30, 2017		December 31, 2016	
Accounts payable and accrued expenses	$	3,917,069	$	3,807,880
Accrued taxes (VAT, Sales Payroll)		1,019,079		988,056
Accrued income taxes		66,731		71,713
Accrued interest		382,039		685,419
	$	5,384,918	$	5,553,068

10. STOCKHOLDERS' EQUITY

The Company had 45,000,000 shares of its $0.0001 par value common stock authorized at both September 30, 2017 and December 31, 2016. The Company had 2,514,157 and 2,190,014 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively (including 56,290 shares that were previously classified as shares subject to repurchase obligations as of December 31, 2016). All current and prior period amounts related to shares, share prices and earnings per share contained in the accompanying unaudited condensed consolidated financial statements, have been restated to give retrospective presentation for the reverse stock split (See Note 1).

The Company has 5,000,000 shares of its no par value preferred stock authorized at both September 30, 2017 and December 31, 2016.

Beginning in December 2016, the Company conducted a rights offering of units, each unit consisting of one share of 9% Redeemable Series 1 Preferred Stock ("Series 1 Preferred") and one Series 1 Warrant ("Series 1 Warrant") to purchase 10 shares of common stock. Holders of the Series 1 Preferred are entitled to receive cumulative dividends out of legally available funds at the rate of 9% of the purchase price per year for a term of seven years, payable quarterly on the last day of March, June, September and December in each year in cash or registered common stock at the election of the Company. Shares of common stock issued as dividends will be issued at a 10% discount to the five-day volume weighted average price per share of common stock prior to the date of issuance. Dividends are to be paid prior to any dividend to the holders of common stock. The Series 1 Preferred is non-voting and has a liquidation preference of $13.50 per share, equal to its purchase price. Chanticleer is required to redeem the outstanding Series 1 Preferred at the expiration of the seven-year term. The redemption price for any shares of Series 1 Preferred will be an amount equal to the $13.50 purchase price per share plus any accrued but unpaid dividends to the date fixed for redemption.

As of December 31, 2016, 19,050 shares of preferred stock were issued pursuant to the Preferred Stock Units rights offering. In addition, 43,826 additional shares were issued following in February 2017 for a total of 62,876 issued and outstanding as September 30, 2017.

In connection with the payment of past due interest on its $5 million note payable, the Company issued 56,290 shares of its common stock to the lender. Concurrently, the Company entered into a put agreement with Florida Mezzanine Fund during 2016, which provided the lender the right to require the Company to repurchase those shares at a price of $0.62 cents per share. This put right originally expired in January 2017 and was subsequently extended to September 30, 2017. The shares subject to the repurchase were reflected as a redeemable temporary equity on the accompanying consolidated balance sheet as of December 31, 2016. In May 2017, Florida Mezzanine fund's put right terminated in connection with the Company's repayment of its principal and the shares were reclassified as permanent equity in the accompanying consolidated balance sheet as of September 30, 2017.

Options and Warrants

The Company's shareholders have approved the Chanticleer Holdings, Inc. 2014 Stock Incentive Plan (the "2014 Plan"), authorizing the issuance of options, stock appreciation rights, restricted stock awards and units, performance shares and units, phantom stock and other stock-based and dividend equivalent awards. Pursuant to the approved 2014 Plan, 400,000 shares have been approved for grant.

As of September 30, 2017, the Company had issued 32,534 restricted and unrestricted shares on a cumulative basis under the plan pursuant to compensatory arrangements with employees, board members and outside consultants. No employee stock options have been issued or are outstanding as of September 30, 2017 or December 31, 2016. The Company issued 15,000 restricted stock units to an employee during 2016. Approximately 367,466 shares remained available for grant in the future.

The Company also has issued warrants to investors in connection with financing transactions in prior periods. A summary of the warrants outstanding and related activity is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
Outstanding January 1, 2017	922,203	$ 49.80	1.7
Granted	1,200,000	$ 3.50	9.6
Exercised	-	-	-
Expired	(259,445)	51.01	-
Outstanding September 30, 2017	1,862,758	$ 19.79	2.3
Exercisable September 30, 2017	1,862,758	$ 19.79	2.3

Exercise Price	Outstanding Number of Warrants	Weighted Average Remaining Life in Years	Exercisable Number of Warrants
> $40.00	484,518	1.22	484,518
$30.00-$39.99	49,990	1.89	49,990
$20.00-$29.99	77,950	2.32	77,950
$10.00-$19.99	50,300	3.53	50,300
$0.00-$9.99	1,200,000	9.59	1,200,000
	1,862,758	2.31	1,862,758

11. RELATED PARTY TRANSACTIONS

Due to related parties

The Company has received non-interest bearing, short-term advances from Chanticleer Investors, LCC, a related party, in the amount of $194,350 as of September 30, 2017 and December 31, 2016. The amount owed to Chanticleer Investors LLC is related to cash distributions received from Chanticleer Investors LLC's interest Hooters of America which is payable to the Company's co-investors in that investment.

12. SEGMENT INFORMATION

The Company is in the business of operating restaurants and its operations are organized by geographic region and by brand within each region. Further each restaurant location produces monthly financial statements at the individual store level. The Company's chief operating decision maker reviews revenues and profitability at the at the group level comprised of: Full Service Hooters, Better Burger Fast Casual, Just Fresh Fast Casual, and Corporate.

The following are revenues and operating income (loss) from continuing operations by segment as of and for the periods presented. The Company does not aggregate or review non-current assets at the segment level.

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Revenue:				
Hooters Full Service	$ 3,619,510	$ 3,682,340	$ 10,147,738	$ 10,194,512
Better Burgers Fast Casual	5,850,061	5,741,783	17,176,891	17,191,749
Just Fresh Fast Casual	1,230,795	1,527,516	3,951,069	4,379,148
Corporate and Other	24,999	25,000	74,980	75,000
	$ 10,725,365	$ 10,976,639	$ 31,350,678	$ 31,840,409
Operating Income (Loss):				
Hooters Full Service	$ (485,844)	$ 37,728	$ (1,075,460)	$ 81,473
Better Burgers Fast Casual	(399,256)	(151,958)	(457,878)	(212,472)
Just Fresh Fast Casual	(28,301)	49,942	(74,185)	22,487
Corporate and Other	(485,041)	(453,243)	(1,861,764)	(1,698,169)
	$ (1,398,442)	$ (517,531)	$ (3,469,287)	$ (1,806,681)
Depreciation and Amortization				
Hooters Full Service	$ 128,858	$ 143,691	$ 407,795	$ 405,617
Better Burgers Fast Casual	387,621	362,674	1,143,584	1,092,898
Just Fresh Fast Casual	55,476	83,117	214,928	237,487
Corporate and Other	843	951	2,530	2,813
	$ 572,798	$ 590,433	$ 1,768,837	$ 1,738,815

The following are revenues and operating income (loss) from continuing operations and non-current assets by geographic region as of and for the periods presented.

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Revenue:				
United States	$ 8,353,055	$ 8,570,452	$ 24,863,979	$ 25,475,352
South Africa	1,502,349	1,495,757	4,369,122	4,017,330
Europe	869,961	910,430	2,117,577	2,347,727
	$ 10,725,365	$ 10,976,639	$ 31,350,678	$ 31,840,409
Operating Income (Loss):				
United States	$ (1,401,618)	$ (550,833)	$ (2,832,502)	$ (1,822,814)
South Africa	(50,060)	(35,331)	(769,536)	(152,960)
Europe	53,236	68,633	132,751	169,093
	$ (1,398,442)	$ (517,531)	$ (3,469,287)	$ (1,806,681)

Non-current Assets:	September 30, 2017	December 31, 2016
United States	$ 25,491,405	$ 26,812,062
South Africa	1,200,622	2,519,135
Europe	2,527,931	2,361,246
	$ 29,219,958	$ 31,692,443

13. COMMITMENTS AND CONTINGENCIES

On March 26, 2013, our South African operations received Notice of Motion filed in the Kwazulu-Natal High Court, Durban, Republic of South Africa, filed against Rolalor (PTY) LTD ("Rolalor") and Labyrinth Trading 18 (PTY) LTD ("Labyrinth") by Jennifer Catherine Mary Shaw ("Shaw"). Rolalor and Labyrinth were the original entities formed to operate the Johannesburg and Durban locations, respectively. On September 9, 2011, the assets and the then-disclosed liabilities of these entities were transferred to Tundraspex (PTY) LTD ("Tundraspex") and Dimaflo (PTY) LTD ("Dimaflo"), respectively. The current entities, Tundraspex and Dimaflo are not parties in the lawsuit. Shaw is requesting that the Respondents, Rolalor and Labyrinth, be wound up in satisfaction of an alleged debt owed in the total amount of R4,082,636 (approximately $480,000). The two Notices were defended and argued in the High Court of South Africa (Durban) on January 31, 2014. Madam Justice Steryi dismissed the action with costs on May 5, 2014. Ms. Shaw appealed this decision and in December 2016, the Court dismissed the Labyrinth case with costs payable to the Company, and allowed the Rolalor case to proceed to liquidation. The Company did not object to the proposed liquidation of Rolalor as the entity has no assets. Mrs. Shaw has since applied to the High Court for Rolalor to be re registered to seek to set aside the transfer by Rolalor [Pty] Limited, which is now in final liquidation, of its assets to Tundraspex [Pty] Limited. This request to re-register Rolalor is being opposed by Tundraspex [Pty] Limited. No amounts have been accrued as of September 30, 2017 or December 31, 2016 in the accompanying condensed consolidated balance sheets.

On January 28, 2016, our Just Fresh subsidiary was notified that it had been served with a copyright infringement complaint, Kevin Chelko Photography, Inc. f. JF Restaurants, LLC, Case No. 3:13-CV-60-GCM (W.D. N.C.). The claim was filed in the United States District Court for the Western District of North Carolina Charlotte Division and seeks unspecified damages related to the use of certain photographic assets allegedly in violation of the United States copyright laws. On January 19, 2017, the case was dismissed with no damages being awarded and no amounts have been reflected in the accompanying condensed consolidated balance sheets as of September 30, 2017 or December 31, 2016.

The Company is involved in legal proceedings and claims that have arisen in the ordinary course of business. These actions, when ultimately concluded and settled, will not, in the opinion of management, have a material adverse effect upon the financial position, results of operations or cash flows of the company.

16. SUBSEQUENT EVENTS

Management has evaluated all events and transactions that occurred from July 1, 2017 through the date these unaudited condensed consolidated financial statements were issued for subsequent events requiring recognition or disclosure in the condensed consolidated financial statements.

On October 12, 2017, the Company entered into a Securities Purchase Agreement with institutional and accredited investors in a registered direct offering for the sale of 499,857 shares of common stock (the "Shares") at a purchase price of $2.00 per share, for a total gross purchase price of $999,714. The Securities Purchase Agreement contains customary representations, warranties and covenants. The company also agreed to issue unregistered 5 ½ year warrants to purchase up to 499,857 shares of common stock ("Warrants") to the investors in a concurrent private placement at an exercise price of $3.50 per share. The company has agreed to register the resale of the common shares underlying the Warrants and the registration was declared effective in October, 2017. The Warrants are exercisable for cash in full commencing six months after the issuance date.

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

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. These statements include projections, predictions, expectations or statements as to beliefs or future events or results or refer to other matters that are not historical facts. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from those contemplated by these statements. The forward-looking statements contained in this Annual Report are based on various factors and were derived using numerous assumptions. In some cases, you can identify these forward-looking statements by the words "anticipate", "estimate", "plan", "project", "continuing", "ongoing", "target", "aim", "expect", "believe", "intend", "may", "will", "should", "could", or the negative of those words and other comparable words. You should be aware that those statements reflect only the Company's predictions. If known or unknown risks or uncertainties should materialize, or if underlying assumptions should prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected. You should bear this in mind when reading this Quarterly Report and not place undue reliance on these forward-looking statements. Factors that might cause such differences include, but are not limited to:

- The quality of Company and franchise store operations and changes in sales volume;
- Our ability to operate our business and generate profits. We have not been profitable to date;
- Inherent risks in expansion of operations, including our ability to acquire additional territories, generate profits from new restaurants, find suitable sites and develop and construct locations in a timely and cost-effective way;
- Inherent risks associated with acquiring and starting new restaurant concepts and store locations;
- General risk factors affecting the restaurant industry, including current economic climate, costs of labor and food prices;
- Intensive competition in our industry and competition with national, regional chains and independent restaurant operators;

- Our rights to operate and franchise the Hooters-branded restaurants are dependent on the Hooters' franchise agreements;

- Our ability, and our dependence on the ability of our franchisees, to execute on our and their business plans effectively;

- Actions of our franchise partners or operating partners which could harm our business;

- Failure to protect our intellectual property rights, including the brand image of our restaurants;

- Changes in customer preferences and perceptions;

- Increases in costs, including food, rent, labor and energy prices;

- Our business and the growth of our Company is dependent on the skills and expertise of management and key personnel;

- Constraints could affect our ability to maintain competitive cost structure, including, but not limited to labor constraints;

- Work stoppages at our restaurants or supplier facilities or other interruptions of production;

- Our food service business and the restaurant industry are subject to extensive government regulation;

- We may be subject to significant foreign currency exchange controls in certain countries in which we operate;

- Inherent risk in foreign operations and currency fluctuations;

- Unusual expenses associated with our expansion into international markets;

- The risks associated with leasing space subject to long-term non-cancelable leases;

- We may not attain our target development goals and aggressive development could cannibalize existing sales;

- Current conditions in the global financial markets and the distressed economy;

- A decline in market share or failure to achieve growth;

- Negative publicity about the ingredients we use, or the potential occurrence of food-borne illnesses or other problems at our restaurants;

- Breaches of security of confidential consumer information related to our electronic processing of credit and debit card transactions;

- Unusual or significant litigation, governmental investigations or adverse publicity, or otherwise;

- Our debt financing agreements expose us to interest rate risks, contain obligations that may limit the flexibility of our operations, and may limit our ability to raise additional capital;

- Adverse effects on our results from a decrease in or cessation or clawback of government incentives related to investments; and

- Adverse effects on our operations resulting from certain geo-political or other events.

You should also consider carefully the Risk Factors contained in Part II, Item 1A of this Quarterly Report and Item 1A of Part I of our Annual Report filed on Form 10-K for the period ended December 31, 2016, which address additional factors that could cause its actual results to differ from those set forth in the forward-looking statements and could materially and adversely affect the Company's business, operating results and financial condition. The risks discussed in this Quarterly Report and the Annual Report are factors that, individually or in the aggregate, the Company believes could cause its actual results to differ materially from expected and historical results. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider such disclosures to be a complete discussion of all potential risks or uncertainties.

The forward-looking statements are based on information available to the Company as of the date hereof, and, except to the extent required by federal securities laws, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, the Company cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Management's Analysis of Business

We are in the business of owning, operating and franchising fast casual and full-service dining concepts in the United States and internationally. As of September 30, 2017, our system-wide store count totaled 57 locations, consisting of 44 company-owned locations and 13 franchisee-operated locations as summarized below:

	As of September 30, 2017					
	Better Burgers	**Just Fresh**	**Hooters**	**Corp**	**Total**	**% of Total**
Store Count						
Company	*29*	*7*	*8*	*-*	*44*	*77.2%*
Franchise	*13*	*-*	*-*	*-*	*13*	*22.8%*
Total	***42***	***7***	***8***	***-***	***57***	***100.0%***

	As of September 30, 2016					
	Better Burgers	**Just Fresh**	**Hooters**	**Corp**	**Total**	**% of Total**
Store Count						
Company	*27*	*8*	*9*	*-*	*44*	*78.6%*
Franchise	*12*	*-*	*-*	*-*	*12*	*21.4%*
Total	***39***	***8***	***9***	***-***	***56***	***100.0%***

We own, operate and franchise a system-wide total of 42 fast casual restaurants specializing in the "Better Burger" category of which 29 are company-owned and 13 are operated by franchisees under franchise agreements. American Burger Company ("ABC") is a fast-casual dining chain consisting of 9 locations in New York and the Carolinas, known for its diverse menu featuring, customized burgers, milk shakes, sandwiches, fresh salads and beer and wine. BGR: The Burger Joint ("BGR"), consists of 9 company-owned locations in the United States and 13 franchisee-operated locations in the United States and the Middle East. Little Big Burger ("LBB") consists of 11 company-owned locations in Oregon.

We also own and operate Just Fresh, our healthier eating fast casual concept with 7 company-owned locations in Charlotte, North Carolina. Just Fresh offers fresh-squeezed juices, gourmet coffee, fresh-baked goods and premium-quality, made-to-order sandwiches, salads and soups.

We own and operate 8 Hooters full service restaurants in the United States, South Africa, and the United Kingdom. Hooters restaurants are casual beach-themed establishments featuring music, sports on large flat screens, and a menu that includes seafood, sandwiches, burgers, salads, and of course, Hooters original chicken wings and the "nearly world famous" Hooters Girls.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2016

Our results of operations are summarized below:

	Three Months Ended				
	September 30, 2017		September 30, 2016		
	Amount	% of Revenue*	Amount	% of Revenue*	% Change
Restaurant sales, net	$10,479,275		$10,737,961		-2.4%
Gaming income, net	115,268		118,136		-2.4%
Management fees	24,999		25,000		0.0%
Franchise income	105,823		95,542		10.8%
Total revenue	10,725,365		10,976,639		-2.3%
Expenses:					
Restaurant cost of sales	3,605,212	34.4%	3,553,684	33.1%	1.4%
Restaurant operating expenses	6,119,561	58.4%	5,888,509	54.8%	3.9%
Restaurant pre-opening and closing expenses	34,349	0.3%	110,432	1.0%	-68.9%
General and administrative	952,959	8.9%	1,351,112	12.3%	-29.5%
Asset impairment charge	838,928	7.8%	-	0.0%	-
Depreciation and amortization	572,798	5.3%	590,433	5.4%	-3.0%
Total expenses	12,123,807	113.0%	11,494,170	104.7%	5.5%
Operating loss from continuing operations	$ (1,398,442)		$ (517,531)		

** Restaurant cost of sales, operating expenses and pre-opening and closing expense percentages are based on restaurant sales, net.*
Other percentages are based on total revenue.

Revenue

Total revenue from continuing operations decreased 2.3% to $10.7 million for the three months ended September 30, 2017 from $11.0 million for the three months ended September 30, 2016.

Revenues by concept and revenue type and a breakdown of system-wide store count are further summarized below:

Revenue	Three Months Ended September 30, 2017					
	Better Burgers	Just Fresh	Hooters	Corp	Total	% of Total
Restaurant sales, net	$5,744,240	$1,230,795	$3,504,240	$ -	**$10,479,275**	97.7%
Gaming income, net	-	-	115,268	-	**115,268**	1.1%
Management fees	-	-	-	24,999	**24,999**	0.2%
Franchise income	105,823	-	-	-	**105,823**	1.0%
Total revenue	**$5,850,063**	**$1,230,795**	**$3,619,508**	**$24,999**	**$10,725,365**	**100.0%**

Revenue	Three Months Ended September 30, 2016					
	Better Burgers	Just Fresh	Hooters	Corp	Total	% of Total
Restaurant sales, net	$5,646,241	$1,527,516	$3,564,204	$ -	**$10,737,961**	97.8%
Gaming income, net	-	-	118,136	-	**118,136**	1.1%
Management fees	-	-	-	25,000	**25,000**	0.2%
Franchise income	95,542	-	-	-	**95,542**	0.9%
Total revenue	**$5,741,783**	**$1,527,516**	**$3,682,340**	**$25,000**	**$10,976,639**	**100.0%**

Revenue	% Change in Revenues Compared to Prior Year				
	Better Burgers	Just Fresh	Hooters	Corp	Total
Restaurant sales, net	*1.7%*	*-19.4%*	*-1.7%*	-	***-2.4%***
Gaming income, net	-	-	*-2.4%*	-	***-2.4%***
Management fees	-	-	-	*0.0%*	***0.0%***
Franchise income	*10.8%*	-	-	-	***10.8%***
Total revenue	***1.9%***	***-19.4%***	***-1.7%***	***0.0%***	***-2.3%***

Restaurant revenues from continuing operations decreased 2.4% to $10.5 million for the three months ended September 30, 2017 from $10.7 million for the three months ended September 30, 2016.

- Restaurant revenue from the Company's Better Burger Group increased 1.7% to $5.7 million for the three months ended September 30, 2017 from $5.6 million for the three months ended September 30, 2016. The increase was attributable the opening of one new Little Big Burger store during the first quarter of 2017, two new Little Big Burger stores and one new BGR store during the second quarter of 2017. The increases attributable to new store openings were partially offset by lower revenue from stores open during both periods and by the closure of taxes stores in September 2017.

- Restaurant revenue from the Company's Just Fresh Group decreased 19.4% to $1.2 million for the three months ended September 30, 2017 from $1.5 million for the three months ended September 30, 2016. Revenues decreased at all Just Fresh locations due to increased local competition and were also negatively impacted by a reduction in operating days at the East Boulevard location, which was reduced from seven days per week to five, and the decision to not renew the Charlotte Knights location.

- Restaurant revenue from the Company's Hooter's restaurants decreased 1.7% to $3.5 million for the three months ended September 30, 2017 from $3.6 million for the three months ended September 30, 2016. Revenue increased by 2.5% in South Africa in US Dollars and 4.5% in local currency. In the United Kingdom, revenue decreased 4.4% in US dollars, and increased 5.7% in local currency. Revenue from Hooters in United States declined 2.3%.

Gaming revenue decreased 2.4%, primarily due to the opening of a new casino property in the area.

Franchise revenue consisted of recurring royalties in both periods and increased 10.8% 4.5% to $105 thousand for the three months ended September 30, 2017 from $95 thousand for the three months ended September 30, 2016.

Management fee revenue was unchanged at $25 thousand in each period. The Company earns $100 thousand annually for its CEO serving on the Board of Directors of Hooters of America.

Cost of Restaurant sales

Cost of restaurant sales increased 1.5% to $3.6 million for the three months ended September 30, 2017 from $3.6 million for the three months ended September 30, 2016.

	Three Months Ended				
	September 30, 2017		September 30, 2016		
Cost of Restaurant Sales	**Amount**	**% of Restaurant Net Sales**	**Amount**	**% of Restaurant Net Sales**	**% Change**
Better Burgers Fast Casual	$1,954,779	34.0%	$1,816,289	32.2%	7.6%
Just Fresh Fast Casual	421,041	34.2%	530,272	34.7%	-20.6%
Hooters Full Service	1,229,392	35.1%	1,207,123	33.9%	1.8%
	$3,605,212	34.4%	$3,553,684	33.1%	1.4%

Cost of restaurant sales increased to 34.4% as a percent of net restaurant revenues for the three months ended September 30, 2017 from 33.1% for the three months ended September 30, 2016. The increase in cost of restaurant sales was partially due to increased revenues associated with new stores opened in the past twelve months combined with increases in the cost of beef, chicken wings and other commodities. In addition, our Hooters business in the United States was required to change food distributors in the current period, which negatively impacted food costs.

Excluding the impact of the change in distributors at the US Hooters locations, costs of restaurant sales would have been approximately 33.8% instead of 34.4%. Management is working with the new distributor to reduce costs and increase menu pricing to offset the impact in future periods and also expects to see a reduction in costs as beef prices are expected to decline over the remainder of the year.

Restaurant operating expenses

Restaurant operating expenses increased 3.9% to $6.1 million for the three months ended September 30, 2017 from $5.9 million for the three months ended September 30, 2016.

Our restaurant operating expenses as a percentage of restaurant sales for each region of operations is included in the following table:

	Three Months Ended				
	September 30, 2017		September 30, 2016		
Operating Expenses	**Amount**	**% of Restaurant Net Sales**	**Amount**	**% of Restaurant Net Sales**	**% Change**
Better Burgers Fast Casual	$3,340,846	58.2%	$3,028,408	53.6%	10.3%
Just Fresh Fast Casual	692,280	56.2%	766,496	50.2%	-9.7%
Hooters Full Service	2,086,435	59.5%	2,093,605	58.7%	-0.3%
	$6,119,561	58.4%	$5,888,509	54.8%	3.9%

As a percent of restaurant revenues, operating expenses increased to 58.4% for the three months ended September 30, 2017 from 54.8% for the three months ended September 30, 2016. Operating expenses increased due to the opening of new stores combined with the impact increasing wage rates in the Portland area. In addition, in those locations where revenues declined as compared to the prior year period, fixed operating expenses, including rent and utilities, increased as a percent of revenue.

Restaurant pre-opening and closing expenses

Restaurant pre-opening and closing expenses decreased to $35 thousand for the three months ended September 30, 2017 from $110 for the three months ended September 30, 2016. The preopening costs in the current period were primarily related to pre-opening payroll and other expenses for our Little Big Burger in Charlotte and BGR in Northern Virginia which are both scheduled to open in the fourth quarter.

General and Administrative Expense (“G&A”)

G&A decreased 29.5% to $1.0 million for the three months ended September 30, 2017 from $1.4 million for the three months ended September 30, 2016. Significant components of G&A are summarized as follows:

	Three Months Ended	
	September 30, 2017	September 30, 2016
Audit, legal and other professional services	$ 153,058	$ 188,115
Salary and benefits	532,491	848,901
Travel and entertainment	59,411	100,998
Shareholder services and fees	22,639	46,114
Advertising, Insurance and other	185,360	166,984
Total G&A Expenses	$ 952,959	$ 1,351,112

As a percentage of total revenue, G&A decreased to 8.9% for the three months ended September 30, 2017 from 12.3% for the three months ended September 30, 2016.

The reduction in G&A is primarily due to reductions in regional management and corporate office staffing as the Company has continued to streamline and integrate its back office functions and regional management structure over the past year. The Company implemented a new enterprise-wide accounting platform and point of sale system across the company’s US based locations further streamlining and simplifying operational process during the current year, which also contributed to the overhead expense reductions.

For the current period, approximately 53% of the Company's consolidated G&A is attributable to operating the Corporate office primarily comprised of public company costs (officer salaries, audit, legal, insurance and related expenses) and store support services (accounting, human resources, IT and related expenses).

Approximately 47% of total consolidated G&A is attributable to regional management, franchising, marketing, advertising, and other administrative activities within the Better Burger group, Hooters, and Just Fresh.

Asset impairment charges

Asset impairment charges totaled $0.9 million for the three months ended September 30, 2017 as compared with $0 during the three months ended September 30, 2016. During the third quarter of 2017, the Company recognized impairment charges related to the closure of two BGR store locations in the Washington DC area, as well as impairment charges related to two stores currently being offered for sale. The impairment charges primarily arise from writing down leasehold improvements and property and equipment to estimated net realizable value based on management's intent to close or sell the related store locations.

Depreciation and amortization

Depreciation and amortization expense was essentially unchanged at $0.6 million for the three months ended September 30, 2017 and 2016.

OTHER INCOME (EXPENSE)

Other income (expense) consisted of the following:

	Three Months Ended		
Other Income (Expense)	**September 30, 2017**	**September 30, 2016**	**% Change**
Interest expense	$ (309,538)	$ (453,150)	-31.7%
Change in fair value of derivative liabilities	-	102,507	-100.0%
Total other expense	37,839	32,357	16.9%
Total other expense	$ (271,699)	$ (318,286)	-14.6%

Other expense, net decreased 14.6% to $272 thousand for the three months ended September 30, 2017 from $318 thousand for the three months ended September 30, 2016. The change in other expenses, net was primarily related to lower interest expenses were partially offset by the $0.1 million noncash income from the change in fair value of non-cash derivative liabilities in the prior year.

Interest expense decreased 31.7% to $0.3 million for the three months ended September 30, 2017 from $0.5 million for the three months ended September 30, 2016. The reduction in interest is primarily due to lower non-cash amortization of debt discounts and reduction in convertible debt outstanding during the current period.

The Company recognized changes in the fair value of derivative liabilities totaling $0.1 million for the three months ended September 30, 2016. This is a non-cash income or expense associated with our convertible debt and is adjusted quarterly based primarily on the change in the fair value of the price of the Company's common stock. The Company did not have any changes in fair value derivative liabilities in the current period.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2016

Our results of operations are summarized below:

	Nine Months Ended				
	September 30, 2017		September 30, 2016		
	Amount	% of Revenue*	Amount	% of Revenue*	% Change
Restaurant sales, net	$30,657,215		$31,068,281		-1.3%
Gaming income, net	328,855		315,647		4.2%
Management fee income	74,982		75,000		0.0%
Franchise income	289,626		381,481		-24.1%
Total revenue	31,350,678		31,840,409		-1.5%
Expenses:					
Restaurant cost of sales	10,376,160	33.8%	10,248,770	33.0%	1.2%
Restaurant operating expenses	17,649,532	57.6%	17,140,692	55.2%	3.0%
Restaurant pre-opening and closing expenses	139,545	0.5%	117,987	0.4%	18.3%
General and administrative	3,413,001	10.9%	4,400,826	13.8%	-22.4%
Asset impairment charge	1,472,890	4.7%	-	0.0%	-
Depreciation and amortization	1,768,837	5.6%	1,738,815	5.5%	1.7%
Total expenses	34,819,965	111.1%	33,647,090	105.7%	3.5%
Operating loss from continuing operations	$ (3,469,287)		$ (1,806,681)		92.0%

** Restaurant cost of sales, operating expenses and pre-opening and closing expense percentages are based on restaurant sales, net.*
Other percentages are based on total revenue.

Revenue

Total revenue from continuing operations decreased 1.5% to $31.4 million for the nine months ended September 30, 2017 from $31.8 million for the nine months ended September 30, 2016.

Revenues by concept and revenue type and a breakdown of system-wide store count are further summarized below:

	Nine Months Ended September 30, 2017					
Revenue	**Better Burgers**	**Just Fresh**	**Hooters**	**Corp**	**Total**	**% of Total**
Restaurant sales, net	$16,887,265	$3,951,069	$ 9,818,881	$ -	**$30,657,215**	97.8%
Gaming income, net	-	-	328,855	-	**328,855**	1.0%
Management fees	-	-	-	74,982	**74,982**	0.3%
Franchise income	289,626	-	-	-	**289,626**	0.9%
Total revenue	**$17,176,891**	**$3,951,069**	**$10,147,736**	**$74,982**	**$31,350,678**	**100.0%**

	Nine Months Ended September 30, 2016					
Revenue	**Better Burgers**	**Just Fresh**	**Hooters**	**Corp**	**Total**	**% of Total**
Restaurant sales, net	$16,810,268	$4,379,148	$ 9,878,865	$ -	**$31,068,281**	97.6%
Gaming income, net	-	-	315,647	-	**315,647**	1.0%
Management fees	-	-	-	75,000	**75,000**	0.2%
Franchise income	381,481	-	-	-	**381,481**	1.2%
Total revenue	**$17,191,749**	**$4,379,148**	**$10,194,512**	**$75,000**	**$31,840,409**	**100.0%**

	% Change in Revenues Compared to Prior Year				
Revenue	**Better Burgers**	**Just Fresh**	**Hooters**	**Corp**	**Total**
Restaurant sales, net	*0.5%*	*-9.8%*	*-0.6%*	-	***-1.3%***
Gaming income, net	-	-	*4.2%*	-	***4.2%***
Management fees	-	-	-	*0.0%*	***0.0%***
Franchise income	*-24.1%*	-	-	-	***-24.1%***
Total revenue	***-0.1%***	***-9.8%***	***-0.5%***	***0.0%***	***-1.5%***

Restaurant revenues from continuing operations decreased 1.3% to $30.7 million for the nine months ended September 30, 2017 from $31.1 million for the nine months ended September 30, 2016.

- Restaurant revenue from the Company's Better Burger Group increased 0.5% to $16.9 million for the nine months ended September 30, 2017 from $16.8 million for the nine months ended September 30, 2016. The increases attributable to new store openings were partially offset by an 18.8% decrease in revenue from stores open during both periods and the closure of two stores in September 2017. Year to date revenues were also impacted by the loss of approximately 4 operating days due to unusual weather in the Pacific Northwest, combined with slower than normal traffic in January and February in the Charlotte and Washington DC markets. Those decreases were partially offset by approximately $1.4 million increase in restaurant revenue from three new Little Big Burger stores and one new BGR stores opened during the first half of 2017.

- Restaurant revenue from the Company's Just Fresh Group decreased 9.8% to $4.0 million for the nine months ended September 30, 2017 from $4.4 million for the nine months ended September 30, 2016. Revenues decreased at all Just Fresh locations due to increased local competition and were also negatively impacted by a reduction in operating days at the East Boulevard location, which was reduced from seven days per week to five, and the decision to not renew the Charlotte Knights location.

- Restaurant revenue from the Company's Hooter's restaurants decreased 0.6% to $9.8 million for both the nine months ended September 30, 2017 from $9.9 million for the nine months ended September 30, 2016. Revenue increased by 10.8% in South Africa primarily due to favorable foreign currency rates as compared with the prior year. In the United Kingdom, revenue declined 9.8%, due to unfavorable foreign currency exchange rates as compared to prior year. Revenue from Hooters in the United States declined 5.2%, primarily as a result of unfavorable weather in the Pacific Northwest during the current year with the loss of approximately 4 operating days and slower than normal traffic during January and February combined with slightly slower traffic in the second half of the year.

Gaming revenue increased 4.2% due to increased play as a result of recent upgrades to the VLT terminals at our Hooters locations in the Pacific Northwest over the past year. The favorable effects of the upgrades were partially offset by unfavorable weather early in the year and the opening of a new casino property in the area.

Franchise revenue decreased 24.1% to $289 thousand for the nine months ended September 30, 2017 from $381 thousand for the Nine Months ended September 30, 2016. The decline in franchise revenue is primarily due to limited new franchising activity in the current period while the BGR groups is undertaking a comprehensive rebranding process to improve their store design and offerings, combined with a decline in international royalties.

Management fee revenue was unchanged at $75 thousand in each period. The Company earns $100 thousand annually for its CEO serving on the Board of Directors of Hooters of America.

Cost of Restaurant sales

Cost of restaurant sales increased 1.2% to $10.4 million for the nine months ended September 30, 2017 from $10.2 million for the nine months ended September 30, 2016.

	Nine Months Ended				
	September 30, 2017		September 30, 2016		
Cost of Restaurant Sales	**Amount**	**% of Restaurant Net Sales**	**Amount**	**% of Restaurant Net Sales**	**% Change**
Better Burgers Fast Casual	$ 5,612,542	33.2%	$ 5,418,665	32.2%	3.6%
Just Fresh Fast Casual	1,384,379	35.0%	1,527,196	34.9%	-9.4%
Hooters Full Service	3,379,239	34.4%	3,302,909	33.4%	2.3%
	$10,376,160	33.8%	$10,248,770	33.0%	1.2%

Cost of restaurant sales increased to 33.8% of net restaurant revenues for the nine months ended September 30, 2017 compared to 33.0% for the nine months ended September 30, 2016. The increase in cost of restaurant sales was partially due to increased revenues associated with new stores opened in the past twelve months combined with increases in the cost of beef, chicken wings and other commodities. In addition, our Hooters business in the United States was required to change food distributors in the current period, which negatively impacted food costs.

Excluding the impact of the change in distributors at the US Hooters locations, costs of restaurant sales would have been approximately 33.6% instead of 33.8%. Management is working with the new distributor to reduce costs and increase menu pricing to offset the price increase in future periods and also expects to see a reduction in costs as beef prices are expected to decline over the remainder of the year.

Restaurant operating expenses

Restaurant operating expenses increased 3.0% to $17.6 million for the nine months ended September 30, 2017 from $17.1 million for the nine months ended September 30, 2016.

Our restaurant operating expenses, as a percentage of restaurant sales for each region of operations, are included in the following table:

	Nine Months Ended				
	September 30, 2017		September 30, 2016		
Operating Expenses	**Amount**	**% of Restaurant Net Sales**	**Amount**	**% of Restaurant Net Sales**	**% Change**
Better Burgers Fast Casual	$ 9,614,202	56.9%	$ 9,118,556	54.2%	5.4%
Just Fresh Fast Casual	2,140,407	54.2%	2,238,596	51.1%	-4.4%
Hooters Full Service	5,894,923	60.0%	5,783,540	58.5%	1.9%
	$17,649,532	57.6%	$17,140,692	55.2%	3.0%

As a percent of restaurant revenues, operating expenses increased to 57.6% for the nine months ended September 30, 2017 from 55.2% for the nine months ended September 30, 2016. Operating expenses increased due to the opening of new stores combined with the impact increasing wage rates in the Portland area. In addition, in those locations where revenues declined as compared to the prior year period, fixed operating expenses, including rent and utilities, increased as a percent of revenue.

Restaurant pre-opening and closing expenses

Restaurant pre-opening and closing expenses increased to $140 thousand for the nine months ended September 30, 2017 from $118 thousand for the nine months ended September 30, 2016. The preopening costs in the current period were primarily related to pre-opening payroll and other expenses for our Little Big Burger openings in Portland and our BGR opening in northern Virginia during the current quarter.

General and Administrative Expense (“G&A”)

G&A decreased 22.4% to $3.4 million for the nine months ended September 30, 2017 from $4.4 million for the nine months ended September 30, 2016. Significant components of G&A are summarized as follows:

	Nine Months Ended	
	September 30, 2017	**September 30, 2016**
Audit, legal and other professional services	$ 883,786	$ 984,339
Salary and benefits	1,620,980	2,162,323
Travel and entertainment	141,310	247,048
Shareholder services and fees	109,612	63,655
Advertising, Insurance and other	657,313	943,461
Total G&A Expenses	$ 3,413,001	$ 4,400,826

As a percentage of total revenue, G&A decreased to 10.9% for the nine months ended September 30, 2017 from 13.8% for the nine months ended September 30, 2016.

The reduction in G&A is primarily due to reductions in regional management and corporate office staffing as the Company has continued to streamline and integrate its back office functions and regional management structure over the past year. The Company implemented a new enterprise-wide accounting platform and point of sale system across the company’s US based locations further streamlining and simplifying operational process during the current year, which also contributed to the overhead expense reductions.

For the current period, approximately 57% of the Company's consolidated G&A is attributable to operating the Corporate office primarily comprised of public company costs (officer salaries, audit, legal, insurance and related expenses) and store support services (accounting, human resources, IT and related expenses).

Approximately 43% of total consolidated G&A is attributable to regional management, franchising, marketing, advertising, and other administrative activities within the Better Burger group, Hooters, and Just Fresh.

Asset impairment charges

Asset impairment charges totaled $1.5 million for the nine months ended September 30, 2017 as compared with $0 during the nine months ended September 30, 2016. During the 2017, the Company recognized impairment charges related to the closure of two BGR store locations in the Washington DC area, as well as impairment charges related to two stores currently being offered for sale. The impairment charges primarily arise from writing down leasehold improvements and property and equipment to estimated net realizable value based on management's intent to close or sell the related store locations.

Depreciation and amortization

Depreciation and amortization expense was essentially unchanged at $1.8 and $1.7 million for the nine months ended September 30, 2017 and 2016, respectively.

OTHER INCOME (EXPENSE)

Other income (expense) consisted of the following:

	Nine Months Ended		
Other Income (Expense)	**September 30, 2017**	**September 30, 2016**	**% Change**
Interest expense	$ (1,218,379)	$ (1,704,556)	-28.5%
Change in fair value of derivative liabilities	-	1,231,608	-100.0%
Loss on extinguishment of debt	(95,310)	-	-
Other income	50,050	12,388	304.0%
Total other expense	$ (1,263,639)	$ (460,560)	174.4%

Other expense, net increased to a net expense of $1.3 million for the nine months ended September 30, 2017 from $0.5 million. The change in other expenses, net was primarily as a result of lower interest expense which was partially offset by the $1.1 million noncash income from change in fair value of non-cash derivative liabilities in the prior year and a net loss on refinancing of the Florida Mezzanine debt and several convertible debt obligations during 2017.

Interest expense decreased 28.5% to $1.2 million for the nine months ended September 30, 2017 from $1.7 million for the nine months ended September 30, 2016. The reduction in interest is primarily due to lower non-cash amortization of debt discounts and the reduction in convertible debt outstanding during the current period.

The Company recognized changes in the fair value of derivative liabilities totaling $1.2 million for the nine months ended September 30, 2016. This is a non-cash income or expense associated with our convertible debt and is adjusted quarterly based primarily on the change in the fair value of the price of the Company's common stock. The Company did not have any changes in fair value derivative liabilities in the current period.

In connection with the refinancing of the $5 million Florida Mezzanine Fund debt in May 2017, the Company recognized a gain of $268 thousand from Florida Mezz waiving the unpaid interest and penalties previously owed to them. In connection with the modification of convertible note obligations in March 2017, the Company recognized net loss on extinguishment of $363 thousand during the first quarter of 2017, resulting in a net loss of $95 thousand for the nine months ended September 30, 2017.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

As of September 30, 2017, our unrestricted cash balance was $0.3 million and, our working capital was negative $4.1 million. We incurred losses from continuing operations of $4.9 million and cash provided by operating activities was $12 thousand for the nine months ended September 30, 2017. Our debt, preferred stock, accounts payable and accrual obligations total approximately $15.3 million. The level of additional cash needed to fund operations and our ability to conduct business for the next twelve months will be influenced primarily by the following factors:

- our ability to access the capital and debt markets to satisfy current obligations and operate the business;
- our ability to continue to extend, refinance or recapitalize our debt obligations;
- the level of investment in new restaurant businesses and entering new markets;
- our ability to manage our operating expenses and generate positive cash flow as we grow:
- popularity of and demand for our fast-casual dining concepts; and
- general economic conditions and changes in consumer discretionary income.

We have typically funded our operating costs, acquisition activities, working capital deficits and expenditures with proceeds from the issuances of our common stock and other financing arrangements, including common stock, convertible debt, lines of credit, notes payable, capital leases, and other forms of external financing.

Our operating plans for the next twelve months contemplate moderate organic growth, opening 2-3 new company stores per quarter, the majority of which will utilize partnership funds from outside investors. We also are evaluating asset sales and divestitures of our non-burger brands as well as the closing of underperforming locations within our burger business. As we execute our plans over the next twelve months, we intend to carefully monitor the impact of growth on our working capital needs and cash balances relative to the availability of cost-effective debt and equity financing.

We have approximately $6.4 million in current liabilities payable within the next twelve months and approximately $15 million in obligations that will have to be paid or refinanced within the next twenty-four months. In the event that additional working capital is not available, we may then have to scale back or freeze our growth plans, sell assets on unfavorable terms, reduce expenses, and/or curtail future acquisition plans and current operations to manage our liquidity and capital resources. We also have financial covenants and debt service obligations and may incur financial penalties or other negative actions from our lenders that could significantly impact the business if we are not able to meet those obligations.

During March 2017, we extended the payment terms of our convertible debt obligations. During May 2017, we completed a $6 million private placement of 8% debentures and warrants, the proceeds of which were used to repay, settle and release the $5 million note payable and related obligations to Florida Mezzanine Fund and to provide additional working capital for new store openings and operations. During October 2017, we entered into a $1 million private placement of common stock and warrants, the proceeds of which were used to fund working capital and current payment obligations.

Management is actively considering the possible benefits of selling certain of its operating assets to reduce debt and provide additional working capital to fund future growth of its domestic burger business, as well as possibly closing certain underperforming store locations to improve operating cash flow. Our evaluations are at a preliminary stage, no decisions have been made, and we can provide no assurance that the Company will proceed with asset sales, or that such asset sales could be completed on favorable terms, or at all. In the event that management does elect to proceed with asset sales in the future rather than continue to hold and operate all its assets long term, management's assessment of the fair value, and ultimate recoverability, of goodwill, intangibles, and other long-lived assets could be impacted and the Company could incur significant noncash charges and cash exit costs in future periods.

There can be no assurance that we will be successful in implementing our plans, obtaining additional debt or equity financing at reasonable terms, if at all, or selling any of our operating assets. Accordingly, this raises substantial doubt about our ability to continue on a going concern for a period of one year from the issuance of these condensed consolidated financial statements.

In addition, our business is subject to additional risks and uncertainties, including, but not limited to, those described Part II, Item 1A of this Quarterly Report and in Item 1A of Part I of our Annual Report filed on Form 10-K for the period ended December 31, 2016. "Risk Factors".

CRITICAL ACCOUNTING POLICIES

Our condensed consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of these statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates and assumptions are affected by the application of our accounting policies. Critical accounting policies are those that require application of management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. A summary of significant accounting policies and a description of accounting policies that are considered critical may be found in our 2016 Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission on March 31, 2017, in the Notes to the Consolidated Financial Statements, Note 1, and the Critical Accounting Policies section of Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4: CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

Under the PCAOB standards, a control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention by those responsible for oversight of the company's financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such terms are defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of September 30, 2017. Our management has determined that, as of September 30, 2017 the Company's disclosure controls and procedures were not effective.

Management's report on internal control over financial reporting

Management Responsibility for Internal Control over Financial Reporting. Management is responsible for establishing and maintaining effective internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements in accordance with the United States' generally accepted accounting principles (US GAAP), including those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with US GAAP and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management's Evaluation of Internal Control over Financial Reporting. Management evaluated our internal control over financial reporting as of September 30, 2017. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework*. As a result of this assessment and based on the criteria in this framework, management has concluded that, as September 30, 2017, our internal control over financial reporting was ineffective.

Material Weaknesses

A material weakness is a control deficiency, or a combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management identified the following deficiencies in its internal control over financial reporting during the prior year:

- As the Company completed multiple acquisitions in a short period of time over the past two years, it has operated multiple accounting systems using disparate charts of accounts and inconsistent financial close procedures and timetables. The lack of consistency makes it more difficult to ensure that the consolidated financial records are completed timely and on a consistent basis each reporting period, which increases the risk of undetected errors.

- The Company's financial close procedures are not formally documented across the organization to the degree necessary to ensure that financial statements are prepared consistently and accurately each reporting period.

- The Company's information systems, as well as the organization and storage of critical financial records, were not deemed adequate to ensure the timely ability to recover from a disaster or prevent the accidental loss of critical financial records.

- The Company's financial statements include complex transactions and financial instruments that are subject to extensive technical accounting standards that increase the risk of undetected errors and where the Company's internal resources do not possess deep technical specialization.

- The Company performs extensive reconciliation and manual review procedures to ensure that the financial statements results are accurately presented; however, there is inconsistent and informal documentation of these review procedures.

Management determined that the deficiencies, evaluated in the aggregate, could potentially result in a material misstatement of the consolidated financial statements in a future annual or interim period that would not be prevented or detected. Therefore, the deficiencies constitute material weaknesses in internal control. Based on that evaluation, management determined that our internal control over financial reporting was not effective as of September 30, 2017.

Remediation Plans

We have initiated several steps and plan to continue to evaluate and implement measures designed to improve our internal control over financial reporting in order to remediate the control deficiencies noted above.

While our evaluation of the appropriate remediation plans is still ongoing, efforts to date have included recruiting additional qualified personnel with experience in financial reporting and internal control.

During 2016, the Company took steps to standardize its chart of accounts and accounting procedures. During the first half of 2017, the Company implemented a new enterprise wide accounting system and point of sale systems at the majority of its US based operations to further standardize accounting procedures and reporting and address the information system weaknesses identified.

While the changes implemented have significantly improved the Company's internal controls, simplified its reporting processes and reduced the risk of undetected errors, management determined that additional testing of the new internal controls and formalization of documentation would be required before updating managements' conclusions regarding the effectiveness of its internal controls over financial reporting.

Changes in Internal Control over Financial Reporting — The Company has implemented changes to its accounting systems internal processes and policies to further standardize the internal control over financial reporting with respect to the monitoring, reporting and consolidation of the financial results of the acquired operations into the Company's financial statements. During the three months ended September 30, 2017, the Company made changes to its accounting systems and its internal control over financial reporting to improve its internal control over financial reporting in future periods.

PART II – OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

We are subject to various legal proceedings from time to time in the ordinary course of business, which may not be required to be disclosed under this Item 1. For the three month period ending September 30, 2017 covered by this Quarterly Report, there have been no reportable legal proceedings or material developments to previously reported legal proceedings.

ITEM 1A: RISK FACTORS

In the event that management proceeds with asset sales and/or store closures rather than continuing to hold and operate all its assets long term, management's assessment of the fair value, and ultimate recoverability, of goodwill, intangibles, and other long-lived assets would be impacted and the Company could incur significant noncash charges and cash exit costs in future periods.

We have approximately $6.4 million in current liabilities payable within the next twelve months from date of issuance of these financial statements and approximately $15 million in obligations payable within the next twenty-four months. In the event that additional working capital is not available, we may be forced to scale back or freeze our growth plans, sell assets on less than favorable terms, reduce expenses, and/or curtail future acquisition plans to manage our liquidity and capital resources. In the event that management elects to proceed with asset sales and/or store closures in the future rather than continue to hold and operate all its assets long term, management's assessment of the fair value, and ultimate recoverability, of goodwill, intangibles, and other long-lived assets would be impacted and the Company could incur significant noncash charges and cash exit costs in future periods.

We have remedied defaults under our debt obligations. However, we may not be able to refinance, extend or repay our substantial indebtedness owed to our secured lenders, which would have a material adverse affect on our financial condition and ability to continue as a going concern.

We have approximately $6.4 million in current liabilities payable within the next twelve months from date of issuance of these financial statements and approximately $15 million in obligations payable within the next twenty-four months.. If we are unable to repay these obligations at maturity and we are otherwise unable to extend the maturity dates or refinance these obligations, we would be in default. We cannot provide any assurances that we will be able to raise the necessary amount of capital to repay these obligations or that we will be able to extend the maturity dates or otherwise refinance these obligations. Upon a default, our secured lenders would have the right to exercise their rights and remedies to collect, which would include foreclosing on our assets. Accordingly, a default would have a material adverse effect on our business and we would likely be forced to seek bankruptcy protection.

Proceeds from asset sales are subject to a right of mandatory redemption of our 8% non-convertible secured debenture holders, in principal amount of $6,000,000, thereby limiting our flexibility to allocate proceeds from asset sales to payment of other debt obligations or working capital.

Management is actively considering the possible benefits of selling certain of its operating assets to reduce debt and provide additional working capital to fund future growth of its domestic burger business, as well as possibly closing certain underperforming store locations to improve operating cash flow. Proceeds from asset sales are subject to a right of mandatory redemption of our 8% non-convertible secured debenture holders, in principal amount of $6,000,000, thereby limiting our flexibility to allocate proceeds from asset sales to payment of other debt obligations or working capital.

On June 12, 2017, we received notification from Nasdaq that we regained compliance with the minimum bid price rule and we are in compliance with other applicable requirements required for listing on The Nasdaq Capital Market. Accordingly, our securities will continue to be listed on The Nasdaq Capital Market.

There have been no other material changes to our risk factors as previously disclosed in “Risk Factors” in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31,2016 (“Risk Factors”). Readers should carefully consider these Risk Factors, which could materially affect our business, financial condition or future results. These Risk Factors are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We did not issue or sell any other unregistered equity securities during the period covered by this report that were not previously reported on a Current Report on Form 8-K.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5: OTHER INFORMATION

None.

ITEM 6: EXHIBITS

Exhibit No.	Description
4.1	Form of Warrant issued October 16, 2017 (Incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K, as filed October 13, 2017)
10.1	Amendment to Securities Purchase Agreement by and between Chanticleer Holdings, Inc. and holders of 8% Non-convertible Secured Debentures executed August 7, 2017 (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K, as filed August 9, 2017)
10.2	Form of Securities Purchase Agreement dated October 12, 2016 by and between the Company and accredited investors (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K, as filed October 13, 2017)
31.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Principal Executive Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.2	Certification of Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

*XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are furnished and not filed.

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.

CHANTICLEER HOLDINGS, INC.

Date: November 13, 2017

By: */s/ Michael D. Pruitt*
Michael D. Pruitt
Chief Executive Officer
(Principal Executive Officer)

/s/ Eric S. Lederer
Eric S. Lederer
Chief Financial Officer
(Principal Accounting Officer)

Exhibit 31.1

CHANTICLEER HOLDINGS, INC. FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2017
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael D. Pruitt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chanticleer Holdings, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2017

/s/ Michael D. Pruitt
Michael D. Pruitt
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CHANTICLEER HOLDINGS, INC. FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2017
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Eric S. Lederer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chanticleer Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2017

/s/ Eric S. Lederer
Eric S. Lederer
Chief Financial Officer

Exhibit 32.1

CHANTICLEER HOLDINGS, INC. FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2017
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of Chanticleer Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Michael D. Pruitt, Chief Executive Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that to his knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Chanticleer Holdings, Inc.

Date: November 13, 2017

/s/ Michael D. Pruitt

Michael D. Pruitt
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CHANTICLEER HOLDINGS, INC. FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2017
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of Chanticleer Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Eric S. Lederer, Chief Financial Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that to his knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Chanticleer Holdings, Inc.

Date: November 13, 2017

/s/ Eric S. Lederer

Eric S. Lederer
Chief Financial Officer
(Principal Accounting Officer)