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 Quarter Ended:	**September 30, 2012**
Commission File Number:	**000-29507**

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

Delaware **(State or Jurisdiction of Incorporation or Organization)**	**20-2932652** **(IRS Employer ID No)**

11220 Elm Lane, Suite 203, Charlotte, NC 28277
(Address of principal executive office) (zip code)

(704) 366-5122
(Issuer's telephone number)

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 ☒ 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 ☒ No ☐.

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

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

The number of shares outstanding of registrant's common stock, par value $.0001 per share, as of December 18, 2012, was 3,698,896 shares.

Chanticleer Holdings, Inc. and Subsidiaries

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PART I: FINANCIAL INFORMATION
ITEM 1: CONDENSED FINANCIAL STATEMENTS

Chanticleer Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	September 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,694,721	$ 165,129
Accounts receivable	119,582	108,714
Other receivable	118,827	42,109
Inventories	180,362	105,073
Due from related parties	149,708	76,591
Prepaid expenses	300,552	144,347
TOTAL CURRENT ASSETS	2,563,752	641,963
Property and equipment, net	2,422,558	1,505,059
Intangible assets, net	933,192	721,571
Investments at fair value	54,309	318,353
Other investments	2,148,397	1,582,148
Deposits and other assets	130,244	29,605
TOTAL ASSETS	$ 8,252,452	$ 4,798,699
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt, notes and convertible notes payable	$ 238,026	$ 2,796,855
Accounts payable and accrued expenses	821,916	478,005
Other current liabilities	360,125	330,607
Current maturities of capital leases payable	36,467	41,590
Deferred rent	8,030	43,225
Due to related parties	13,733	30,204
TOTAL CURRENT LIABILITIES	1,478,297	3,720,486
Long-term debt, less current maturities	-	236,109
Capital leases payable, less current maturities	67,545	85,853
Deferred rent	89,672	7,162
Other liabilities	201,490	263,321
TOTAL LIABILITIES	1,837,004	4,312,931
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock: $0.0001 par value; authorized 200,000,000 shares; issued 3,698,896 and 1,506,061 shares; and outstanding 3,698,896 and 1,249,446 shares at September 30, 2012 and December 31, 2011, respectively	370	151
Additional paid in capital	14,849,855	6,459,656
Other comprehensive (loss) income	(167,930)	50,650
Non-controlling interest	112,454	593,863
Accumulated deficit	(8,379,301)	(6,092,132)
Less treasury stock, 256,615 shares at December 31, 2011	-	(526,420)
Total stockholders' equity	6,415,448	485,768
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 8,252,452	$ 4,798,699

See accompanying notes to condensed consolidated financial statements.

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

	For the three months ended September 30, 2012	2011
Revenue:		
Restaurant sales, net	$ 1,710,632	$ -
Management fee income - non-affiliates	25,000	25,000
Management fee income - affiliates	31,880	(30,726)
Total revenue	1,767,512	(5,726)
Expenses:		
Restaurant cost of sales	714,551	-
Restaurant operating expenses	943,618	-
Restaurant pre-opening expenses	125,947	-
General and administrative expense	666,300	277,934
Depreciation and amortization	97,883	2,512
Total expenses	2,548,299	280,446
Loss from operations	(780,787)	(286,172)
Other income (expense)		
Equity in earnings (losses) of investments	33,412	(20,820)
Miscellaneous income	1,680	-
Other than temporary decline in available-for-sale securities	-	(147,973)
Interest expense	(39,583)	(41,190)
Total otherexpense	(4,491)	(209,983)
Net loss before income taxes	(785,278)	(496,155)
Provision for income taxes	7,997	-
Net loss before non-controlling interest	(793,275)	(496,155)
Non-controlling interest	53,509	399
Net loss	(739,766)	(495,756)
Other comprehensive income (loss):		
Unrealized loss on available-for-sale securities (none applies to non-controlling interest)	(26,404)	(172,031)
Foreign translation income	46,511	-
Other comprehensive loss	$ (719,659)	$ (667,787)
Net earnings (loss) per share, basic and diluted	$ (0.20)	$ (0.40)
Weighted average shares outstanding	3,698,896	1,238,880

See accompanying notes to condensed consolidated financial statements.

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

	For the nine months ended September 30, 2012	2011
Revenue:		
Restaurant sales, net	$ 4,794,250	$ -
Management fee income - non-affiliates	75,000	466,667
Management fee income - affiliates	38,578	1,750
Total revenue	4,907,828	468,417
Expenses:		
Restaurant cost of sales	2,005,714	-
Restaurant operating expenses	2,636,240	-
Restaurant pre-opening expenses	190,167	-
General and administrative expense	1,833,933	762,159
Depreciation and amortization	265,068	7,573
Total expenses	6,931,122	769,732
Loss from operations	(2,023,294)	(301,315)
Other income (expense)		
Equity in earnings (losses) of investments	(10,474)	(9,256)
Realized gains from sales of investments	-	19,991
Other than temporary decline in available-for-sale securities	-	(147,973)
Interest and other income	1,680	5,016
Interest expense	(432,795)	(63,876)
Total other expense	(441,589)	(196,098)
Net loss before income taxes	(2,464,883)	(497,413)
Provision for income taxes	7,997	-
Net loss before non-controlling interest	(2,472,880)	(497,413)
Non-controlling interest	185,711	1,376
Net loss	(2,287,169)	(496,037)
Other comprehensive income (loss):		
Unrealized loss on available-for-sale securities (none applies to non-controlling interest)	(264,044)	(224,240)
Foreign translation income	45,464	-
Other comprehensive loss	$ (2,505,749)	$ (720,277)
Net earnings (loss) per share, basic and diluted	$ (1.06)	$ (0.43)
Weighted average shares outstanding	2,153,148	1,166,111

See accompanying notes to condensed consolidated financial statements.

Chanticleer Holdings, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
Nine Months ended September 30, 2012
(Unaudited)

	Common Stock		Additional Paid-in	Accumulated Other Comprehensive Income	Non-Controlling	Accumulated	Treasury	
	Shares	Par	Capital	(Loss)	Interest	Deficit	Stock	Total
Balance, December 31, 2011	1,506,061	$ 151	$ 6,459,656	$ 50,650	$ 593,863	$ (6,092,132)	$ (526,420)	$ 485,768
Common stock issued for:								
Services	5,000	1	32,399	-	-	-	-	32,400
Convertible notes payable and accrued interest	423,828	42	1,907,196					1,907,238
Repurchase ofNon-controlling interest	219,248	22	(190,108)		-			(190,086)
Cash, net of expenses	1,801,374	180	7,051,284					7,051,464
Available-for-sale securities	-	-	-	(264,044)	-	-	-	(264,044)
Amortize warrants	-	-	120,632	-	-	-	-	120,632
Foreign translation loss				45,464				45,464
Acquistion of non-controlling interest for cash	-	-	(4,810)	-	(295,698)	-	-	(300,508)
Treasury stock cancelled	(256,615)	(26)	(526,394)				526,420	-
Net loss	-	-	-	-	(185,711)	(2,287,169)	-	(2,472,880)
Balance, September 30, 2012	3,698,896	$ 370	$ 14,849,855	$ (167,930)	$ 112,454	$ (8,379,301)	$ -	$ 6,415,448

See accompanying notes to consolidated financial statements.

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

	For the nine months ended September 30, 2012	For the nine months ended September 30, 2011
Cash flows from operating activities:		
Net loss	$ (2,287,169)	$ (496,037)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-controlling interest	(185,711)	(1,376)
Other than temporary decline in available-for-sale-securities	-	147,973
Depreciation and amortization	265,068	7,573
Equity in (earnings) loss of investments	10,474	9,256
Common stock issued for services	25,606	29,723
Gain on sale of investments	-	(19,991)
Amortization of warrants	120,632	12,588
Bad debt expense	-	750
(Increase) in accounts and other receivables	(87,586)	(62,410)
(Increase) in prepaid expenses and other assets	(178,976)	(14,507)
(Increase) inventories	(75,289)	-
Increase (decrease) in accounts payable and accrued expenses	477,250	(53,054)
Increase in deferred rent	17,315	-
Increase in income taxes payable	7,997	-
(Decrease) in deferred revenue	-	(1,750)
Advance from related parties for working capital	(89,587)	(38,883)
Net cash used by operating activities	(1,979,976)	(480,145)
Cash flows from investing activities:		
Proceeds from sale of investments	-	190,325
Proceeds from sale of treasury stock	-	26,401
Investment distribution	-	8,140
Purchase of investments	(1,213,391)	(877,228)
Franchise fees incurred	(210,000)	-
Purchase of property and equipment	(1,169,191)	-
Net cash provided (used) by investing activities	(2,592,582)	(652,362)
Cash flows from financing activities:		
Sale of common stock	7,051,464	-
Loan proceeds, net	2,915,000	1,295,000
Proceeds from non-controlling interests	90,000	-
Proceeds from sale of common stock warrants, net	-	20,608
(Decrease) in other liabilities	(32,313)	-
Loan and capital lease repayment	(3,967,467)	(5,251)
Net cash provided (used) by financing activities	6,056,684	1,310,357
Effect of exchange rate changes on cash	45,466	-
Net increase in cash and cash equivalents	1,529,592	177,850
Cash and cash equivalents, beginning of period	165,129	46,007
Cash and cash equivalents, end of period	$ 1,694,721	$ 223,857

See accompanying notes to condensed consolidated financial statements.

Chanticleer Holdings, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows, continued

(Unaudited)

	For the nine months ended September 30, 2012	2011
Supplemental cash flow information:		
Cash paid for interest and income taxes:		
Interest	$ 237,604	$ 85,176
Income taxes	$ -	$ -
Non-cash investing and financing activities:		
Due to related party exchanged for convertible note payable	$ -	$ 25,000
Convertible notes payable exchanged for common stock	$ 1,907,238	$ 711,500
Accrued interest exchanged for common stock	$ -	$ 10,000
Common stock units issued for Hoot limited partner units	$ 986,651	$ -
Investment contributed by the Company's CEO	$ -	$ 125,331
Common stock units issued for prepaid consulting contract	$ -	$ 44,850

See accompanying notes to condensed consolidated financial statements.

Chanticleer Holdings, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. NATURE OF BUSINESS

ORGANIZATION

Chanticleer Holdings, Inc. (the "Company") was organized October 21, 1999, under its original name, Tulvine Systems, Inc., under the laws of the State of Delaware. The Company previously had limited operations and was considered a development stage company until July 2005. On April 25, 2005, the Company formed a wholly owned subsidiary, Chanticleer Holdings, Inc. On May 2, 2005, Tulvine Systems, Inc. merged with and changed its name to Chanticleer Holdings, Inc.

The condensed consolidated financial statements include the accounts of Chanticleer Holdings, Inc. and its subsidiaries, Chanticleer Advisors, LLC, ("Advisors"), Avenel Ventures, LLC ("Ventures"), Avenel Financial Services, LLC ("AFS"), Chanticleer Holdings Limited ("CHL"), Chanticleer Holdings Australia Pty, Ltd. ("CHA"), Chanticleer Investment Partners, LLC ("CIP"), DineOut SA Ltd. ("DineOut"), Chanticleer and Shaw Foods (Pty) Ltd. ("C&S"), Kiarabrite (Pty) Ltd ("KPL"), Dimaflo (Pty) Ltd ("DFLO"), Tundraspex (Pty) Ltd ("TPL"), Civisign (Pty) Ltd ("CPL"), Dimalogix (Pty) Ltd ("DLOG") and Crown Restaurants Kft ("Crown") (collectively referred to as "the Company," "we," "us," or "the Companies"). All significant inter-company balances and transactions have been eliminated in consolidation.

Further detailed information regarding the Company's subsidiaries can be found in our Annual Report on Form 10-K/A filed with the SEC on December 4, 2012 for the year ended December 31, 2011.

Effective May 11, 2012, the Company's common stock was reverse split, 1 share for each 2 shares issued, pursuant to a majority vote of the Company's shareholders. All share references have been adjusted as if the split occurred in to all periods presented.

GENERAL

The 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 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.

Certain information and footnote disclosures normally included in condensed consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America 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 for the period ended December 31, 2011, which is included in the Company's Form 10-K/A.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2012 and December 31, 2011, the Company had current assets of $2,563,752 and $641,963; current liabilities of $1,478,297 and $3,720,486; and a working capital balance (deficit) of $1,085,455 and $(3,078,523), respectively. The Company incurred a loss of $2,287,169 during the nine months ended September 30, 2012 and had an unrealized loss from available-for-sale securities of $264,044 and a foreign currency translation gain of $45,464, resulting in a comprehensive loss of $2,505,749. As of December 20, 2012, the Company has a consolidated cash balance of approximately $1,138,000.

The Company's corporate general and administrative expenses averaged approximately $295,000 per quarter during 2011 and has increased to $481,000 in the first two quarters of 2012 and $657,000 in the current quarter as we expanded our footprint internationally. Effective October 1, 2011, the Company acquired majority control of the restaurants in South Africa and began consolidating these operations. In August 2012, the Company opened its restaurant location in Budapest, Hungary. The Company shares 49% of the profits in our Hooters location opened in January 2012 in Campbelltown, Australia, a suburb of Sydney and plans to open a second Australia location under the same terms during the first six months of 2013.

The Company has a note with a balance at September 30, 2012 of $238,026 owed to its bank which is due in August 2013 and a line of credit with its bank with a balance at September 30, 2012 of $0 (total available was $2,000,000). The line matured on August 20, 2012. All of our prior notes payable and convertible debt were paid in either cash or common stock with the closing of our raise in June 2012 (for further details, see notes 7 and 10). In addition, the Company may use limited partnerships, if the Company's raise is not sufficient or seek additional means of financing, to fund its share of costs for additional Hooters restaurants.

The Company expects to meet its obligations in the remainder of 2012 and the first nine months of 2013 with some or all of the following:

- Received $100,000 as an annual fee for its CEO sitting on the Board of Hooters of America and expect to continue to receive this annual fee for the next three years based on the current agreement;
- Borrow, if and to the extent available, additional funds;

Form joint ventures or other financing vehicles
However, there can be no assurance that the Company would be able to secure additional funds if needed and that if such funds were available, whether the terms or conditions would be acceptable to the Company. In such case, the further reduction in operating expenses as well as possible curtailing opening additional restaurants in order for the Company to generate positive cash flow to sustain the operations of the Company

2. SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to the significant accounting policies previously disclosed in our Annual Report on Form 10-K/A filed with the SEC on December 4, 2012 for the fiscal year ended December 31, 2011 except for the following:

RESTAURANT PRE-OPENING EXPENSES

Restaurant pre-opening expenses, which are expensed as incurred, consist of the costs of hiring and training the initial hourly work force for each new restaurant, travel, the cost of food and supplies used in training, grand opening promotional costs, the cost of the initial stocking of operating supplies and other direct costs related to the opening of a restaurant, including rent during the construction and in-restaurant training period.

RECENT ACCOUNTING PRONOUNCEMENTS

There are several new accounting pronouncements issued by the Financial Accounting Standards Board ("FASB") which are not yet effective. Each of these pronouncements, as applicable, has been or will be adopted by the Company. At December 20, 2012, 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. ACQUISITION OF MAJORITY OWNED HOOTERS RESTAURANTS

Effective October 1, 2011, the Company acquired majority ownership of a management company, a company that owns the HOA franchise rights for the territory of South Africa, and four Hooters restaurants in South Africa. Previously, the Company owned 50% of the restaurants but was not in control and these operations were accounted for using the equity method of accounting. New entities were formed for the operations and the Company's ownership at September 30, 2012, after the buyout of the Hoot partnerships is as follows: KPL 80%, DFLO 82%, TPL 88%, CPL 90% and DLOG 97%. The restaurant owned by DFLO in Durban opened in January 2010, the restaurant owned by TPL in Johannesburg opened in June 2010, the restaurant owned by CPL in Cape Town opened in June 2011and the restaurant owned by DLOG opened in February 2012.

The acquisition was accounted for using the purchase method of accounting and, accordingly, the consolidated statements of operations include the results of the South African operations beginning October 1, 2011. The assets acquired and the liabilities assumed were recorded at estimated fair values as determined by the Company's management based on information currently available and on current assumptions as to future operations. A summary of the estimated fair value of assets acquired and liabilities assumed in the acquisition follows:

Current assets, excluding cash and cash equivalents	$ 138,801
Property and equipment and intangible assets	1,985,799
Total assets excluding cash and cash equivalents	$ 2,124,600
Liabilities assumed	953,917
Non-controlling interest	645,436
Prior investment of the Company	320,247
Purchase price (net assets acquired)	$ 205,000
Cash paid	$ 205,000

Liabilities assumed includes $561,815 and $593,928 at September 30, 2012 and December 31, 2011, respectively. These amounts are included in other liabilities at September 30, 2012 and December 31, 2011.

Unaudited pro forma results of operations for the three and nine months ended September 30, 2011, as if the Company had acquired majority ownership of the South African Hooters restaurants on January 1, 2011 is as follows. The pro forma results include estimates and assumptions which management believes are reasonable. However, pro forma results are not necessarily indicative of the results that would have occurred if the business combination had been in effect on the dates indicated, or which may result in the future.

	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2011
Net revenues	$ 1,340,500	$ 3,832,682
Net earnings (loss)	$ (480,380)	$ (361,051)
Net earnings (loss) per share, basic and diluted	$ (0.39)	$ (0.31)

4. INVESTMENTS

INVESTMENTS AT FAIR VALUE CONSIST OF THE FOLLOWING AT SEPTEMBER 30, 2012 AND DECEMBER 31, 2011.

	2012	2011
Available-for-sale investments at fair value	$ 54,309	$ 318,353
Trading securities	-	-
Total	$ 54,309	$ 318,353

AVAILABLE-FOR-SALE SECURITIES

Activity in our available-for-sale securities may be summarized as follows:

	2012	2011
Cost at beginning of year	$ 263,331	$ 284,473
Contributed to the Company by it's CEO	-	125,331
Received as management fees	-	1,500
Other than temporary loss in available-for-sale securities	-	(147,973)
Cost at end of period	263,331	263,331
Unrealized gain (loss)	(209,022)	55,022
Total	$ 54,309	$ 318,353

Our available-for-sale securities consist of the following:

	Cost	Unrecognized Holding Gains (Losses)	Fair Value	Realized Holding Loss	Loss on Sale
June 30, 2012					
North Carolina Natural Energy *	$ 1,500	$ -	$ 1,500	$ -	$ -
North American Energy	126,000	(112,000)	14,000	-	-
North American Energy *	10,500	(7,500)	3,000	-	-
North American Energy	125,331	(89,522)	35,809	-	-
	$ 263,331	$ (209,022)	$ 54,309	$ -	$ -
December 31, 2011					
Remodel Auction *	$ -	$ -	$ -	$ (900)	$ -
North Carolina Natural Energy *	1,500	-	1,500	-	-
North American Energy	126,000	(42,000)	84,000	-	-
North American Energy *	10,500	7,500	18,000	-	-
North American Energy	125,331	89,522	214,853	-	-
Efftec International, Inc. *	-	-	-	(22,500)	-
HiTech Stages	-	-	-	(124,573)	-
	$ 263,331	$ 55,022	$ 318,353	$ (147,973)	$ -

* Investments acquired in exchange for management services.

Remodel Auction Incorporated ("REMC") – During 2009, the Company acquired 334 shares of REMC for management services with an initial cost of $275,000 which has now been fully impaired.

North Carolina Natural Energy, Inc. ("NCNE") – NCNE is a successor to REMC whose business was discontinued. NCNE has plans to become involved in some form of natural energy. The Company received 100,000,000 shares of NCNE (less than 1% on a fully diluted basis) for management services during 2011. The shares were valued at $1,500 based on NCNE's valuation as a shell.

North American Energy Resources, Inc. - During the quarter ended June 30, 2009, the Company exchanged its oil & gas property investments for 700,000 shares of North American Energy Resources, Inc. ("NAEY") which were valued at $126,000 based on the closing price of NAEY on the date of the trade. At September 30, 2012 and December 31, 2011, the shares were valued at $14,000 and $84,000.

During the first quarter of 2010, the Company received an additional 150,000 shares of NAEY in exchange for management services. The shares were initially valued at $10,500, based on the trading price at the time. At September 30, 2012 and December 31, 2011, the shares were valued at $3,000 and $18,000.

During June 2011, the Company's CEO contributed 1,790,440 shares of NAEY to the Company which was valued at $125,331 based on the trading price at the time. Mr. Pruitt did not receive additional compensation as a result of the transfer. At September 30, 2012 and December 31, 2011, the shares had a market value of $35,809 and $214,853, respectively.

NAEY appointed a new management team in December 2010 and they are seeking acquisition opportunities for onshore and offshore oil and gas properties. Accordingly, the Company determined that any decline was temporary.

EffTec International, Inc. - Effective April 1, 2010, the Company's CEO became a director and the CEO of EffTec International, Inc. The Company received 150,000 shares of EffTec and an option to acquire an additional 150,000 shares at $0.15 per share in exchange for the management services to be provided. The shares were valued at $22,500 based on the trading price of EffTec at the date of the transaction. At September 30, 2011, the market value of the Efftec stock dropped to less than $0.01 per share and the Company determined the reduction was other than temporary and impaired its investment to zero.

HiTech Stages, Ltd. ("HiTech") – The Company originally acquired 275,000 shares of HiTech in exchange for 150,450 shares of DineOut during the June 2010 quarter. HiTech was unable to raise sufficient capital to fund its business plan and the stock price dropped to near zero at September 30, 2011. The Company determined the decline was other than temporary and fully impaired its investment on September 30, 2011.

OTHER INVESTMENTS ARE SUMMARIZED AS FOLLOWS AT SEPTEMBER 30, 2012 AND DECEMBER 31, 2011.

	2012	2011
Investments accounted for under the equity method	$ 1,081,799	$ 815,550
Investments accounted for under the cost method	1,066,598	766,598
Total	$ 2,148,397	$ 1,582,148

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Activity in investments accounted for using the equity method is summarized as follows.

	2012	2011
Balance, beginning of year	$ 815,550	$ 87,200
Equity in earnings (loss)	(10,474)	(76,113)
Equity investment consolidated at June 30, 2012	(143,274)	-
New investments	419,997	812,604
Distributions received	-	(8,141)
Balance, end of year	$ 1,081,799	$ 815,550

Equity investments consist of the following at September 30, 2012 and December 31, 2011:

	2012	2011
Carrying value:		
Hoot SA I, II, III - South Africa	$ -	$ 143,274
Hoot Campbelltown Pty. Ltd. (49%) - Australia	559,660	570,134
Hoot Surfers Paradise Pty. Ltd. (49%) - Australia	511,584	102,041
Brazil	10,555	101
	$ 1,081,799	$ 815,550

Equity in earnings (loss) and distributions from equity investments during the three and nine months ended September 30, 2012 and 2011 follows. The activity from the South African restaurants is through September 30, 2011 at which time the Company acquired majority ownership and began consolidating these operations.

	Three Months ended September 30,		Nine Months ended September 30,	
	2012	2011	2012	2011
Equity in earnings (loss):				
Hoot S.A. I, II, III (opened June 2011)	-	(20,820)	-	(9,256)
Hoot Campbelltown (49%)	33,412	-	(10,474)	-
	$ 33,412	$ (20,820)	$ (10,474)	$ (9,256)
Distributions:				
Hoot S.A. I, LLC (20%)	-	1,913	-	6,248
Hoot S.A. II, LLC (20%)	-	-	-	1,892
	$ -	$ 1,913	$ -	$ 8,140

In June 2012, the Company issued 219,248 shares of its common stock and cash in the amount of $480,929 to acquire 75% of the interest held by the limited partners of the four Hoot limited partnerships. The Company's interest in the four restaurants increased to the amounts in Note 3.

The summarized financial data below includes the South African operations, of which we owned 20% at September 30, 2011 and the Hoot Campbelltown location in Australia, which we owned 49% of at September 30, 2012. The Company acquired majority ownership of the South African operations effective September 30, 2011.

	Three Months ended September 30,		Nine Months ended September 30,	
	2012 (1)	**2011 (2)**	**2012 (1)**	**2011 (2)**
Revenue	$ 762,634	$ 1,346,226	$ 2,633,418	$ 3,364,265
Gross profit	546,410	789,403	1,873,559	2,122,073
Recurring expenses	478,221	783,959	1,894,934	1,996,343
Pre-opening costs	-	-	-	-
Income (loss) from continuing operations	68,189	5,444	(21,375)	125,730
Net income (loss)	68,189	5,444	(21,375)	125,730

(1) Represents the Hoot Campbelltown location in Australia.
(2) Represents the South African restaurants prior to acquiring majority interest.

The summarized balance sheets for the two locations in Australia of which we owned 49% at September 30, 2012 and December 31, 2011 follows:

	2012	**2011**
ASSETS		
Current assets	$ 618,524	$ 58,975
Non-current assets	2,351,545	1,646,508
TOTAL ASSETS	$ 2,970,069	$ 1,705,483
LIABILITIES		
Current liabilities	$ 507,097	$ 76,035
PARTNER'S EQUITY	2,462,972	1,629,448
TOTAL LIABILITIES AND PARTNERS' EQUITY	$ 2,970,069	$ 1,705,483

Hooters S.A., GP - The Company formed CHL to own the Company's 50% general partner interest in Hooters S.A., GP, the general partner of the Hooters' restaurant franchises in South Africa. The initial restaurant opened in December 2009 in Durban, South Africa and operations commenced in January 2010. In the initial restaurant CHL had a 10% interest in restaurant cash flows until the limited partners received payout and a 40% interest in restaurant cash flows after limited partner payout. The second location opened in Johannesburg in June 2010 and a third location opened in Cape Town in June of 2011 with similar structures. Effective September 30, 2011, the Company acquired majority control of the South African operations and began consolidating its operations on October 1, 2011.

CHA (Hoot Campbelltown Pty. Ltd and Hoot Surfers Paradise Pty. Ltd.) – CHA entered into a partnership with the current local Hooters franchisee in Australia in which CHA will own 49% and its partner own 51%. The local partner will also manage the restaurants. The first location, Hoot Campbelltown Pty. Ltd. opened in Campbelltown, a suburb of Sydney, in January 2012. A second location, Hoot Surfers Paradise Pty. Ltd., is underway with plans to open during the first six months of 2013.

INVESTMENTS ACCOUNTED FOR USING THE COST METHOD

Investments at cost consist of the following at September 30, 2012 and December 31, 2011:

	2012	2011
Chanticleer Investors, LLC	$ 800,000	$ 500,000
Edison Nation LLC (FKA Bouncing Brain Productions)	250,000	250,000
Chanticleer Investors II	16,598	16,598
	$ 1,066,598	$ 766,598

Chanticleer Investors LLC - The Company sold 1/2 of its investment in Investors LLC in May 2009 for its cost of $575,000, which reduced its ownership from 23% to 11.5%. Accordingly, in May 2009, the Company discontinued accounting for this investment using the equity method and began to account for the investment using the cost method. In December 2010, the Company sold an additional $75,000 of its investment at cost.

On April 18, 2006, the Company formed Investors LLC and sold units for $5,000,000. Investors LLC's principal asset was a convertible note in the amount of $5,000,000 with Hooters of America, Inc. ("HOA"), collateralized by and convertible into 2% of Hooters common stock. The original note included interest at 6% and was due May 24, 2009. The note was extended until November 24, 2010 and included an increase in the interest rate to 8%.

On January 24, 2011, Investors LLC and its three partners combined to form HOA Holdings, LLC ("HOA LLC") and completed the acquisition of Hooters of America, Inc. ("HOA") and Texas Wings, Inc. ("TW"). Together HOA LLC has created an operating company with 161 company-owned locations across sixteen states, or nearly half of all domestic Hooters restaurants and over one-third of the locations worldwide.

Investors, LLC had a note receivable in the amount of $5,000,000 from HOA that was repaid at closing. Investors LLC then invested $3,550,000 in HOA LLC (approximately 3%) ($500,000 of which is the Company's share). One of the investors in Investors LLC that owned a $1,750,000 share is a direct investor in HOA LLC and will now carry its ownership in HOA LLC directly. In July 2012, the Company acquired an additional interest of $300,000, at cost, from one of the partners for cash, which increased our ownership to approximately 20% of Investors LLC at September 30, 2012.

Based on the current status of this investment, the Company does not consider the investment to be impaired.

EE Investors, LLC - On January 26, 2006, we acquired an investment in EE Investors, LLC with cash in the amount of $250,000. We acquired 1,205 units (3.378%) in EE Investors, LLC, whose sole asset is 40% of Edison Nation, LLC (formerly Bouncing Brain Productions, LLC). Edison Nation was formed to provide equity capital for new inventions and help bring them to market. The initial business plan included developing the products and working with manufacturers and marketing organizations to sell the products. Edison Nation has now reached cash flow break-even, and in addition has been retained by a number of companies for which they do product searches to supplement its business. Edison Nation plans to repay the majority of its debt in 2012 and expects to subsequently begin making distributions to its owners. Based on the current status of this investment, the Company does not consider the investment to be impaired.

Chanticleer Investors II - The Company paid $16,598 to Chanticleer Investors II. Chanticleer Advisors, LLC acts as the managing general partner and receives a management fee based on a percentage of profits.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2012 and December 31, 2011:

	2012	2011 (Restated Note 16)
Office and computer equipment	$ 33,525	$ 32,179
Furniture and fixtures	47,686	47,686
Construction in progress	-	217,001
Restaurant furnishings and equipment	2,718,771	1,333,926
	2,799,982	1,630,792
Accumulated depreciation	(377,424)	(125,733)
	$ 2,422,558	$ 1,505,059

Depreciation expense for the three months ended September 30, 2012 and 2011:

Restaurants	$ 90,313	$ -
Other	2,444	2,512
Total	$ 92,757	$ 2,512

Depreciation expense for the nine months ended September 30, 2012 and 2011:

Restaurants	$ 244,722	$ -
Other	6,969	7,573
Total	$ 251,691	$ 7,573

Restaurant furnishings and equipment consists of leasehold improvements, and bar, kitchen and restaurant equipment used in our four South Africa locations and our Budapest, Hungary location at September 30, 2012. Construction in progress consisted of costs incurred as of December 31, 2011 for our Emperor's Palace location in Johannesburg, South Africa, which opened in February 2012 and its assets are currently in the restaurant furnishings and equipment line above.

Restaurant furnishings and equipment includes capital lease assets of $141,416 with a net book value of $114,706 at September 30, 2012 and capital lease assets of $141,416 with a net book value of $131,544 at December 31, 2011.

6. INTANGIBLE ASSETS, NET

GOODWILL

Goodwill arose from the excess paid over the fair value of the net assets acquired for the three operating restaurants effective October 1, 2011 and amounted to $396,487. An evaluation was completed effective December 31, 2011 at which time the Company determined that no impairment was necessary. No change has occurred as of September 30, 2012 which would cause the Company to revise their evaluation.

FRANCHISE COST

Franchise cost for the Company's Hooters restaurants consists of the following at September 30, 2012 and December 31, 2011. The Company is amortizing these costs from the opening of each restaurant for the 20 year term of the franchise agreement with HOA.

	2012	2011
Goodwill	$ 396,487	$ 396,487
Franchise cost:		
South Africa	$ 345,386	$ 330,388
Brazil	135,000	-
Hungary	75,000	-
	555,386	330,388
Accumulated amortization	(18,681)	(5,304)
	536,705	325,084
Intangible assets, net	$ 933,192	$ 721,571
Three months ended September 30, 2012 and 2011:		
Amortization expense	$ 5,126	$ -
Nine months ended September 30, 2012 and 2011:		
Amortization expense	$ 13,377	$ -

7. LONG-TERM DEBT AND NOTES PAYABLE

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

	June 30, 2012	December 31, 2011
$2,000,000 line of credit with a bank, interest at Wall Street Journal Prime +0.5% (minimum of 4.5%) payable monthly; due August 20, 2012; collateralized by a certificate of deposit owned by a shareholder; collateralized by substantially all of the Company's assets and guaranteed by Mr. Pruitt (the line of credit was paid off in cash with the closing of the raise in June 2012 and collateral was returned in August 2012)	$ -	$ 1,165,000
Note payable to a bank due in monthly installments of $1,739 including interest at Wall Street Journal Prime + 1% (minimum of 5.5%); remaining balance due August 10, 2013; collateralized by substantially all of the Company's assets and guaranteed by Mr. Pruitt	238,026	242,964
18% convertible notes payable; interest payable quarterly; due on the six-month anniversary of the date issued which range from January 22-June 26, 2012; convertible under the same terms as the subsequent capital raised in connection with a public offering of the Company's securities (all notes and accrued interest were paid off with closing of raise in June 2012, either in cash or common stock)	-	1,625,000
	238,026	3,032,964
Notes payable and current portion of long-term debt	238,026	2,796,855
Long-term debt, less current portion	$ -	$ 236,109

The Company paid the shareholder whose certificate of deposit was used as collateral on the $2,000,000 line of credit 1% of the outstanding balance on the line of credit monthly. In addition, the Company issued warrants to the shareholder, as described in Note 10.

8. BANK OVERDRAFT AND TERM FACILITIES

Bank overdraft and term facilities at September 30, 2012 and December 31, 2011 are associated with the South African Operations and consist of the following:

	September 30, 2012	December 31, 2011
Bank overdraft facilities (1)	$ 249,090	$ 255,607
Term facility (2)	112,950	112,950
Term facility (3)	199,575	225,371
	561,615	593,928
Other current liabilities	360,125	330,607
Other liabilities	$ 201,490	$ 263,321

(1) Bank overdraft facilities are unsecured and have a total maximum facility of approximately $260,000. The interest rate as of September 30, 2012 and December 31, 2011 was 11%. The facilities are reviewed annually and are payable on demand.
(2) Term facility is payable on demand and the facility is secured by certain assets of one of the Company's shareholders.
(3) The monthly payments of principal and interest of the term facility total approximately $5,300 and have been made currently since October 1, 2011. The interest rate at September 30, 2012 and December 31, 2011 was 10.3%.

9. CAPITAL LEASE PAYABLE

Capital leases payable at September 30, 2012 and December 31, 2011 is associated with the South African Operations and consists of the following.

	September 30, 2012	December 31, 2011
Capital lease payable, due in 49 monthly installments of $1,081, including interest at 10%, through April 2016	$ 43,284	$ 46,149
Capital lease payable, due in 32 monthly insallments of $800 including interest at 10%, through November 2014	19,192	24,186
Capital lease payable, due in 14 monthly installments of $1,470, including interest at 10%, through May 2013	11,678	23,211
Capital lease payable, due in 36 monthly installments of $1,022, including interest at 10%, through February 2015	29,858	33,897
Total capital leases payable	104,012	127,443
Current maturities	36,467	41,590
Capital leases payable, less current maturities	$ 67,545	$ 85,853

The capital leases cover point of sale and other equipment for three of the four restaurants operating at September 30, 2012.

10. STOCKHOLDERS' EQUITY

The Company has 20,000,000 shares of its $0.0001 par value common stock authorized, 3,698,896 shares issued and 3,698,896 shares outstanding at September 30, 2012 and had 200,000,000 shares of its $0.0001 par value common stock authorized, 1,506,061 shares issued and 1,249,446 shares outstanding at December 31, 2011.

Effective May 11, 2012, the Company's common stock was reverse split, 1 share for each 2 shares issued, pursuant to approval of a majority of the Company's shareholders. All share references have been adjusted as if the split occurred prior to all periods presented.

2012 Transactions

On May 8, 2012, the Company issued 5,000 shares of its common stock in exchange for services to be performed over a six month period and valued at $32,400. There is an unamortized balance of $6,794 at September 30, 2012, and $25,606 has been expensed.

EQUITY RAISE

The Company filed a Form S-1 Registration Statement under the Securities Act of 1933 which was declared effective on June 21, 2012. The Company issued 2,444,450 units at $4.50 per unit, consisting of one share of Common Stock and one five year redeemable warrant (redeemable at the Company's option) exercisable at $5.00 per share for an issuance value of $11 million (net $7.2 million). The issuance of shares included shares issued upon the conversion of notes payable and accrued interest of approximately $1.9 million and shares issued for the purchase of a percentage of the Hoot SA non-controlling interest of approximately $1.0 million.

During August 2012, treasury stock shares of 256,615 were cancelled and returned to the Company.

2011 Transactions

On March 30, 2011, the Company issued 412,286 shares of its common stock in exchange for convertible notes payable with a balance of $711,500 and accrued interest of $19,588.

On July 28, 2011, the Company issued 10,000 shares of its common stock in exchange for consulting services valued at $21,500.

On September 23, 2011, the Company issued 15,000 shares of its common stock in exchange for consulting services to be performed valued at $44,850.

On September 23, 2011, the Company issued 2,750 shares of its common stock in exchange for services performed and valued at $8,223.

On October 19, 2011, the Company issued 167 shares of its common stock in exchange for cash in the amount of $500.

Warrants

On January 6, 2011, the Company filed a Form S-1 Registration Statement under the Securities Act of 1933. The Registration Statement was declared effective on July 14, 2011 and registers one Class A Warrant and one Class B Warrant for each common share of the Company issued and outstanding. The warrants have a subscription price of $0.08 which entitles our shareholders to acquire one Class A Warrant which would entitle the holder to acquire one share of our common stock for $5.50 and one Class B Warrant which would entitle the holder to acquire one share of our common stock for $7.00. The warrants have a five year life. At September 30, 2012 and December 31, 2011, the Company had issued 1,097,254 Class A and Class B warrants. Net proceeds from the offering are included in additional paid in capital and are summarized as follows.

Proceeds from sales of Class A and Class B warrants	$	87,780
Legal and professional fees incurred for offering		(67,172)
	$	20,608

On August 10, 2011, the Company issued two warrants to the shareholder who collateralized the Company's $2,000,000 line of credit discussed in Note 7. The Class A Warrant is for 100,000 shares exercisable at $5.50 per share for 10 years and the Class B Warrant is for 112,500 shares exercisable at $7.00 per share for 10 years. The warrants were valued using Black-Scholes at $906,351. This amount will be amortized to interest expense over the ten year life of the warrants. At September 30, 2012 and December 31, 2011, additional paid-in capital includes $80,565 and $35,247, respectively, in amortization. Interest expense included $35,247 in the last six months of 2011 and $22,659 and $45,318 for the three and nine months ended September 30, 2012, respectively.

On November 1, 2011, the Company entered into an investor relations consulting agreement. In addition to cash compensation, the consultant is entitled to receive warrants for certain performance goals. These warrants will be accounted for when the goals are accomplished.

On March 28, 2012, the Company issued 125,000 and 25,000 five year warrants at $6.50 and $8.00, respectively for consulting services related to the Company's expansion into Europe. The warrants were valued using Black-Scholes at $518,599. This amount will be amortized to consulting fees (in G&A on consolidated statements of operations) over the five year life of the warrants. At September 30, 2012, additional paid-in capital and consulting expense include $26,745 in amortization for the period since the warrants were issued.

On June 21, 2012, the Company issued 2,444,450 five-year redeemable warrants as noted above in the "Equity Raise" section.

11. RELATED PARTY TRANSACTIONS

Due to related parties

The Company has received non-interest bearing loans and advances from related parties. The amounts owed by the Company as of September 30, 2012 and December 31, 2011 are as follows:

		2012		2011
Hoot SA I, LLC	$	12,191	$	15,409
Chanticleer Foundation, Inc.		-		10,750
Chanticleer Investors, LLC		1,542		4,045
	$	13,733	$	30,204

Due from related parties

The Company has earned income from and made advances to related parties. The amounts owed to the Company as of September 30, 2012 and December 31, 2011 are as follows:

		2012		2011
Chanticleer Investors II, LLC	$	31,808	$	1,485
Chanticleer Dividend Fund, Inc.		74,281		74,281
Hoot SA II, III and IV, LLC's		43,619		825
	$	149,708	$	76,591

Management income - related parties

The Company had management income from its affiliates in the three and nine months ended September 30, 2012 and 2011, as follows:

	Three Months ended September 30,		Nine Months ended September 30,	
	2012	2011	2012	2011
Chanticleer Investors II, LLC	31,880	(30,726)	38,578	-
North American Energy Resources, Inc.	-	-	-	1,750
	$ 31,880	$ (30,726)	$ 38,578	$ 1,750

OTHER TRANSACTIONS WITH REALTED PARTIES

Chanticleer Investors LLC

Investors LLC loaned the Company $4,045 at September 30, 2012 and December 31, 2011.

Chanticleer Investors II LLC

The Company manages Investors II and earned management income of $6,698 and $30,726 in the nine months ended September 30, 2012 and 2011, respectively.

Chanticleer Dividend Fund, Inc. ("CDF")

On November 10, 2010 the Company formed CDF under the general corporation laws of the State of Maryland. CDF filed a registration statement under Form N-2 to register as a non-diversified, closed-end investment company in January 2011. The Company, through Advisors, will have a role in management of CDF when its registration statement becomes effective.

Hoot SA, LLC; Hoot SA II, LLC; Hoot SA III, LLC; and Hoot SA IV, LLC

The Hoot partnerships were formed to help finance the first four Hooters restaurants in South Africa.

Efftec International, Inc. ("Efftec")

The Company's CEO became CEO and the sole director of Efftec during 2010 and the Company received 150,000 common shares and an option to acquire 150,000 shares for management services. The shares and option were initially valued at $22,500, based on the trading price of Efftec at the time.

North American Energy Resources, Inc. ("NAEY")

The Company's CEO became CEO and a director of NAEY during 2010 and the Company received 150,000 common shares for management services. The shares were valued at $10,500, based on the trading price of NAEY at the time. The Company's CEO resigned as CEO of NAEY in December 2010 and remains a director. During June 2011, the Company’s CEO contributed 1,790,440 shares of NAEY to the Company which was valued at $125,331 based on the trading price at the time. Mr. Pruitt did not receive additional compensation as a result of the transfer.

Chanticleer Foundation, Inc.

Chanticleer Foundation, Inc. is a Donor-Advised Fund whose governing body consists of Mr. Pruitt, a director of the Company and an employee of the Company. The Foundation loaned the Company $10,750 during 2011.

Avenel Financial Group, Inc.

Avenel Financial Group, Inc. is a company owned by Mr. Pruitt. Advances previously made to the Company were repaid during 2011. Avenel Financial Group, Inc. invested as a limited partner in the South African Hooters locations. Avenel Financial Group, Inc. invested $14,000, $12,500, and $25,000 in the Durban, Johannesburg, and Cape Town locations, respectively, and is entitled to receive approximately 2.0%, 1.5%, and 2.9%, respectively, of the net profits after taxation ("SA Profits") of each of the locations. As of September 30, 2012, Avenel Financial Group, Inc. has received an aggregate of $6,441 in SA Profits and $49,816 in return of investment under the same terms as the other limited partners.

12. SEGMENTS OF BUSINESS

The Company is organized into two segments.

Management and consulting services ("Management")

The Company provides management and consulting services for small companies which are generally seeking to become publicly traded. The Company also provides management and investment services for Investors LLC, Investors II and other unaffiliated companies.

Operation of restaurants ("Restaurants")

At September 30, 2012, the Company has majority ownership of four restaurants and a management company in South Africa. Three of the restaurants and the management company were operating for the entire first quarter of 2012 and the fourth restaurant opened in February 2012. Majority ownership was acquired effective September 30, 2011 and these operations are consolidated with the Company's other operations since that date. At September 30, 2012, the Company has 49% ownership of two restaurants in Australia, one of which opened in January 2012 and the second is under construction and expected to open by the end of 2012. The operations in Australia will be accounted for using the equity method. The Company has also started activity in Hungary, Brazil and Europe, but operations have not yet commenced.

Financial information regarding the Company's segments is as follows for the three and nine months ended September 30, 2012 and 2011.

Three months ended September 30, 2012

	Management	Restaurants	Total
Revenues	$ 56,880	$ 1,710,632	$ 1,767,512
Interest expense	$ 28,097	$ 11,486	$ 39,583
Depreciation and amortization	$ 2,444	$ 95,439	$ 97,883
Profit (loss)	$ (511,247)	$ (282,028)	$ (793,275)
Investments and other			-
Non-controlling interest			53,509
			$ (739,766)

Three months ended September 30, 2011

	Management	Restaurants	Total
Revenues	$ (5,726)	$ -	$ (5,726)
Interest expense	$ 41,190	$ -	$ 41,190
Depreciation and amortization	$ 2,512	$ -	$ 2,512
Profit (loss)	$ (327,362)	$ (20,820)	$ (348,182)
Investments and other			(147,973)
Non-controlling interest			399
			$ (495,756)

Nine months ended September 30, 2012

	Management	Restaurants	Total
Revenues	$ 113,578	$ 4,794,250	$ 4,907,828
Interest expense	$ 165,602	$ 267,193	$ 432,795
Depreciation and amortization	$ 6,969	$ 258,099	$ 265,068
Profit (loss)	$ (1,535,715)	$ (937,165)	$ (2,472,880)
Investments and other			-
Non-controlling interest			185,711
			$ (2,287,169)
Assets	$ 457,321	$ 3,897,704	$ 4,355,025
Cash and cash equivalents			1,694,721
Investments			2,202,706
			$ 8,252,452
Liabilities	$ 407,935	$ 1,429,069	$ 1,837,004
Expenditures for non-current assets	$ 1,346	$ 1,167,845	$ 1,169,191

Nine months ended September 30, 2011

	Management	Restaurants	Total
Revenues	$ 468,417	$ -	$ 468,417
Interest expense	$ 63,876	$ -	$ 63,876
Depreciation and amortization	$ 7,573	$ -	$ 7,573
Profit (loss)	$ (365,191)	$ (9,256)	$ (374,447)
Investments and other			(122,966)
Non-controlling interest			1,376
			$ (496,037)
Assets	$ 506,838	$ 786,560	$ 1,293,398
Investments			872,216
			$ 2,165,614
Liabilities	$ 1,071,938	$ 716,756	$ 1,788,694
Expenditures for non-current assets	$ -	$ -	$ -

13. COMMITMENTS AND CONTINGENCIES

Effective August 1, 2010, the Company extended its office lease agreement for its office for a term of one year with monthly lease payments of $2,100. Since August 1, 2011, the office lease continues at the same rate on a month-to-month basis.

The Company leases the land and buildings for its four restaurants in South Africa through its subsidiaries. The leases are for five year terms and include options to extend the terms. We lease our restaurant facilities under "triple net" leases that require us to pay minimum rent, real estate taxes, maintenance costs and insurance premiums and, in some instances, percentage rent based on sales in excess of specified amounts. On May 7, 2012, the Company, through its subsidiary, signed a lease for the Budapest, Hungary location under similar terms to our South Africa restaurants, except the term is for 10 years. On July 1, 2012, the Company signed an office lease agreement for a satellite office in Florida for one year at a monthly rate of $600. Rent obligations at current foreign currency exchange rates for our five restaurants and the Florida satellite office as of September 30 are presented below:

2013	$ 572,399
2014	612,465
2015	545,110
2016	490,794
thereafter	911,009
Totals	$ 3,131,777

Rent expense for the three months ended September 30, 2012 and September 30, 2011 was $158,115 and $6,300, respectively. Rent expense for the three months ended September 30, 2012 for the South African and Budapest restaurants was $124,838, and $21,012, respectively, and is included in the "Restaurant operating expenses" of the Consolidated Statement of Operations. Rent expense for the three months ended September 30, 2012 for the management segment was $12,266, and is included in the "General and administrative expense" of the Consolidated Statement of Operations. Rent expense for the three months ended September 30, 2011 was all for the management segment. Rent expense for the nine months ended September 30, 2012 and September 30, 2011 was $524,689 and $12,600, respectively. Rent expense for the nine months ended September 30, 2012 for the South African and Budapest restaurants was $478,362 and $21,012, respectively, and is included in the "Restaurant operating expenses" of the Consolidated Statement of Operations. Rent expense for the nine months ended September 30, 2012 for the management segment was $25,316, and is included in the "General and administrative expense" of the Consolidated Statement of Operations. Rent expense for the nine months ended September 30, 2011 was all for the management segment.

The Company engaged outside South African tax experts in September 2012 to assist with compliance with Value Added Tax (VAT), payroll taxes, and income taxes n South Africa. A voluntary disclosure agreement has been submitted and the Company is awaiting contract from the South African governmental agency.

In connection with the acquisition of assets as described in Note 3, the Company believes the purchase and sale with the seller was accomplished in accordance with the laws and regulations of the taxing authorities in South Africa. However, there can be no absolute assurance that the seller has fulfilled its tax and regulatory filing requirements, and whether or not the local authorities could seek to recover any unpaid taxes or other amounts from the Company, its shareholders or others. The Company is not aware of any known obligations for which the Company may be required to settle.

14. DISCLOSURES ABOUT FAIR VALUE

Assets and liabilities measured at fair value on a recurring basis are summarized in the following tables according to FASB ASC 820 pricing levels.

	Fair Value Measurement Using			
	Recorded value	**Quoted prices in active markets of identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
September 30, 2012				
Assets:				
Available-for-sale securities	$ 54,309	$ 52,809	$ 1,500	$ -
December 31, 2011				
Assets:				
Available-for-sale securities	$ 318,353	$ 316,853	$ 1,500	$ -

At September 30, 2012 and December 31, 2011, the Company's available-for-sale equity securities were valued using Level 1 and Level 2 inputs as summarized above. Level 1 inputs are based on unadjusted prices for identical assets in active markets that the Company can access. Level 2 inputs are based on quoted prices for similar assets other than quoted prices in Level 1, quoted prices in markets that are not yet active, or other inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets.

The Company does not have any investments that are measured on a recurring basis using Level 3 inputs.

Certain assets are not carried at fair value on a recurring basis, including investments accounted for under the equity and cost methods. Accordingly, such investments are only included in the fair value hierarchy disclosure when the investment is subject to re-measurement at fair value after initial recognition and the resulting re-measurement is reflected in the consolidated financial statements.

See Note 4 for further details of the Company's investments.

15. SUBSEQUENT EVENTS

On October 12th, 2012, Francis Howard ("Howard"), individually and on behalf of all other similarly situated, filed a lawsuit against Chanticleer Holdings, Inc. (The "Company"), Michael D. Pruitt, Eric S. Lederer, Michael Carroll, Paul I. Moskowitz, Keith Johnson (The "Individual Defendants"), Merriman Capital, Inc., Dawson James Securities, Inc. (The "Underwriter Defendants"), and Creason & Associates P.L.L.C. (The "Auditor Defendant"), in the U.S. District Court for the Southern District of Florida. The class action lawsuit alleges violations of Section 11 of the Securities Act against all Defendants, violations of Section 12(a)(2) of the Securities Act against only the Underwriter Defendants, and violations of Section 15 against the Individual Defendants. Howard seeks unspecified damages, reasonable costs and expenses incurred in this action, and such other and further relief as the Court deems just and proper. On October 15th, 2012, the Honorable Judge James I. Cohn filed an Order setting the Calendar Call for the case for June 13th, 2013, and the Trial Date for the trial period commencing on June 17th, 2013. On October 31st, 2012, the Company and the Individual Defendants retained Stanley Wakshlag at Kenny Nachwalter, P.A. to represent them in this litigation. Requests by the Underwriting Defendants for indemnification were denied. On November 2nd, 2012, we filed a Joint Motion to Extend Deadline to Respond to Class Action Complaint, requesting that our responsive pleading deadline be delayed until after a lead Plaintiff is named. That Motion was approved, and on December 12th, 2012, Howard filed a Motion to Appoint himself Lead Plaintiff and to Approve his Selection of The Rosen Law Firm, P.A. as his Counsel. An Order has yet to be entered on this Motion.

Given that the outcome of litigation is inherently uncertain, and the early stage of this class action, the Company can neither comment on the probability of potential liabilities, nor provide an estimate of such.

16. Company's South African Chief Financial Officer resigned

On September 7, 2012, the Company's South African Chief Financial Officer ("SA CFO") resigned. It was determined that the SA CFO had committed certain illegal acts, fraud and certain misrepresentations of facts. Due to the SA CFO's actions, certain taxes were not paid. In addition, the applicable tax forms were not filed during the proper periods. The Company has engaged tax experts to assist in the tax process. The Company also discovered a balance of approximately $118,827 and $42,109 of cash that was misappropriated by the SA CFO as of the end of the third quarter of 2012 and the fourth quarter of 2011 (presented as "other receivable" on the Company's condensed consolidated balance sheet as of September 30, 2012 and December 31, 2011), and approximately $128,000 in total for the period from October 2011 through September 2012. As of December 10, 2012, approximately $41,000 has been recovered by the Company and payment plans are in place for the remainder.

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this report that are not historical fact are "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. The words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "believes," "estimates," "projects" or similar expressions are intended to identify these forward-looking statements. These statements are subject to risks and uncertainties beyond our reasonable control that could cause our actual business and results of operations to differ materially from those reflected in our forward-looking statements. The safe harbor provisions provided in the Securities Litigation Reform Act do not apply to forward-looking statements we make in this report. Forward-looking statements are not guarantees of future performance. Our forward-looking statements are based on trends which we anticipate in our industry and our good faith estimate of the effect on these trends of such factors as industry capacity, product demand and product pricing. The inclusion of projections and other forward-looking statements should not be regarded a representation by us or any other person that we will realize our projections or that any of the forward-looking statements contained in this prospectus will prove to be accurate.

Management's Analysis of Business

We have changed our focus recently from managing investments to owning and operating Hooters franchises internationally. Hooters restaurants are casual beach-themed establishments with sports on television, jukebox music, and the "nearly world famous" Hooters Girls. The menu consists of spicy chicken wings, seafood, sandwiches and salads. Each locations menu can vary with the tastes of the locality it is in. Hooters began in 1983 with its first restaurant in Clearwater, Florida. From the original restaurant and licensee Mr. Robert Brooks, Hooters has become a global brand, with locations in 44 states domestically and over 430 Hooters restaurants worldwide. Besides restaurants, Hooters has also branched out to other areas, including licensing its name to a golf tour and the sale of packaged food in supermarkets.

We expect to either own 100% of the Hooters franchise or partner with a local franchisee in the countries we target. We based this decision on what we believe to be the successful launch of our South African Hooters venture and believe we have aligned partners and operators in various international markets. We are focused on expanding our Hooters operations, and expect to use substantially all the net proceeds from the upcoming offering, in South Africa, Brazil, Hungary, Australia and Europe.

Accordingly, we operate in two business segments; Hooters franchise restaurants and our legacy investment management and consulting services businesses.

RESTAURANT OPERATIONS

The following is a condensed unaudited statement of operations for our restaurant operations for the three and nine months ended September 30, 2012, which currently consists of four Hooters locations in South Africa and one location in Budapest, Hungary which opened in August 2012.

Three months ended September 30, 2012:

	(1) South Africa	(2) Budapest, Hungary	Total Restaurants
Revenues	$ 1,533,767	$ 176,865	$ 1,710,632
Cost of Sales	636,164	78,387	714,551
Gross Profit	897,603	98,478	996,081
Recurring expenses:			
Operating expenses	860,245	83,373	943,618
General and administrative	79,388	48,799	128,187
Interest expense	11,486	-	11,486
Depreciation and amortization	85,241	10,198	95,439
Miscellaneous		(1,153)	(1,153)
Income taxes	7,997	-	7,997
	1,044,357	141,217	1,185,574
Net income (loss) before non-recurring expenses	(146,754)	(42,739)	(189,493)
Pre-opening costs	(537)	126,484	125,947
Net income (loss)	$ (146,217)	$ (169,223)	(315,440)
Non-controlling interest			52,628
			$ (262,812)

(1) In South Africa, the Durban location opened in December 2009, the Johannesburg location opened in June 2010, the Cape Town location opened in June 2011 and the Emperors Palace location opened in February 2012.
(2) The Budapest, Hungary location opened in August 2012.

Nine months ended September 30, 2012:

	(1) South Africa	(2) Budapest, Hungary	Total Restaurants
Revenues	$ 4,617,385	$ 176,865	$ 4,794,250
Cost of Sales	1,927,327	78,387	2,005,714
Gross Profit	2,690,058	98,478	2,788,536
Recurring expenses:			
Operating expenses	2,552,867	83,373	2,636,240
General and administrative	285,266	71,417	356,683
Interest expense	37,515	-	37,515
Depreciation and amortization	247,901	10,198	258,099
Miscellaneous		(1,153)	(1,153)
Income taxes	7,997	-	7,997
	3,131,546	163,835	3,295,381
Net income (loss) before non-recurring expenses	(441,488)	(65,357)	(506,845)
Pre-opening costs	38,683	151,484	190,167
Net income (loss)	$ (480,171)	$ (216,841)	(697,012)
Non-controlling interest			181,490
			$ (515,522)

(1) In South Africa, the Durban location opened in December 2009, the Johannesburg location opened in June 2010, the Cape Town location opened in June 2011 and the Emperors Palace location opened in February 2012.
(2) The Budapest, Hungary location opened in August 2012.

LIQUIDITY AND CAPITAL RESOURCES

Historical information:

At September 30, 2012 and December 31, 2011, the Company had current assets of $2,563,752 and $641,963; current liabilities of $1,478,297 and $3,720,486; and a working capital balance (deficit) of $1,085,455 and $(3,078,523), respectively. The Company incurred a loss of $2,287,169 during the nine months ended September 30, 2012 and had an unrealized loss from available-for-sale securities of $264,044 and a foreign currency translation gain of $45,464, resulting in a comprehensive loss of $2,505,749. As of December 20, 2012, the Company has a consolidated cash balance of approximately $1,138,000.

The Company's corporate general and administrative expense averaged approximately $295,000 per quarter during 2011 and has increased to $481,000 in the first quarter of 2012 and $657,000 in the current quarter as we expanded our footprint internationally. Effective October 1, 2011, the Company acquired majority control of the restaurants in South Africa and began consolidating these operations. In August 2012, the Company opened its Budapest, Hungary location. The Company also will share 49% of the profits in our Hooters location opened in January 2012 in Campbelltown, Australia, a suburb of Sydney and plans to open a second Australia location under the same terms in the first six months of 2013.

The Company has a note with a balance at September 30, 2012 of $238,026 owed to its bank which is due in August 2013. The Company is currently seeking other financing options. All of our prior notes payable and convertible debt were paid in either cash or common stock with the closing of our raise in June 2012.

The Company expects to meet its obligations in the remainder of 2012 and the first nine months of 2013 with some or all of the following:

- Received $100,000 as an annual fee for its CEO sitting on the Board of Hooters of America and expect to continue to receive this annual fee for the next three years based on the current agreement;
- Borrow, if and to the extent available, additional funds;
- Form joint ventures or other financing vehicles;

Evaluation of the amounts and certainty of cash flows:

The Company plans to use the funding from the S-1 Registration to partially complete its expansion plans in South Africa, Brazil, Australia, Hungary and Europe. The Company has used short-term financing to meet the preliminary requirements of its planned expansion, principally in South Africa and Australia. The Company obtained less than originally contemplated from our offering, which may require the Company to limit its expansion plans. We would use limited partner funding and other sources of capital to the extent necessary to attempt to fund as much of the planned expansion as possible. There can be no assurance that any of this funding will be available when needed.

Cash requirements and capital expenditures:

In the remainder of 2012 and the first nine months of 2013, we expect to open one restaurant in each of the following countries – Australia (in addition to the one already opened in January 2012) and South Africa; and plans to secure a location in Brazil. The Company expects the total cash requirements for these restaurants to be approximately $1.8 million, of which approximately $0.6 million has been paid as of September 30, 2012.

In addition, we expect general and administrative expenses to be approximately $2.4 million for the next 12 months.

Discussion and analysis of known trends and uncertainties:

The world economy has been in a state of flux for some time with the debt problems of a number of countries in Europe, the recent recession in the United States, the significant increase to debt in the United States compounded by continuing to give away more than can reasonably be collected, the slowing economy in China and other factors. It is impossible to forecast what this will mean to our expansion plans in South Africa, Brazil, Australia, Europe and Hungary. We feel that we minimize our risks through investment in different geographical areas.

Expected changes in the mix and relative cost of capital resources:

Since the middle of 2010, the Company has utilized high cost capital to finance its international growth. The Company has eliminated the majority of this debt with new equity in June 2012 and further, to use this equity and possible additional financing as necessary to complete its expansion plans over the next two years.

Other prospective sources for and uses of cash:

The Company is seeking other forms of financing. As discussed elsewhere in this Form 10-Q, effective October 1, 2011, the Company acquired majority control of the restaurants in South Africa and began consolidating these operations. Previously all restaurant operations were accounted for using the equity method.

Comparison of three months ended September 30, 2012 and 2011

Revenue

Revenue amounted to $1,767,512 in the three months ended September 30, 2012 and ($5,726) in the year earlier period.

Restaurant sales amounted to $1,710,632 for our four locations in South Africa and our Budapest, Hungary location which opened in August 2012.

Revenues for the management business for the three months ended September 30, 2012 amounted to $56,880 and ($5,726) in the year earlier period. In the three months ended September 30, 2012 and in the year earlier period, the revenue from non-affiliates of $25,000 represents three months of the Company's annual payment from HOA of $100,000, which is due in January each year while Mr. Pruitt serves on its board. In the three months ended September 30, 2012 and in the year earlier period, an accrual of $31,880 and ($30,726), respectively, was recorded for management fees from Investors II. In 2011, Investors II had a large loss in the quarter which resulted in the reversal of the previously accrued management fee for the year-to-date period.

Restaurant cost of sales

Restaurant cost of sales amounted to $714,551, or 41.8% of restaurant net sales. We expect the percentage to remain approximately the same in 2012 as we expand our business in South Africa and other countries.

Restaurant operating expenses

Restaurant operating expenses amounted to $943,618, or 55.2% of restaurant net sales. We expect the percentage of operating expenses to restaurant net sales to decline as we open more Hooters locations, however we have a limited history to be able to forecast a range.

Restaurant pre-opening expenses

Restaurant pre-opening expenses amounted to $125,947 incurred for the opening of our Hooters location in Budapest, Hungary which opened in the third quarter of 2012.

General and Administrative Expense ("G&A")

G&A amounted to $666,300 in the three months ended September 30, 2012 and $277,934 in the year earlier period. The more significant components of G&A are summarized as follows:

	2012	2011
Professional fees	$ 81,512	$ 12,181
Payroll and benefits	240,992	118,970
Consulting and investor relation fees	206,636	73,250
Travel and entertainment	29,489	21,482
Accounting and auditing	2,900	11,350
Other G&A	104,771	40,701
	$ 666,300	$ 277,934

G&A costs are expected to range from $550-$650,000 per quarter for the remainder of 2012, with the costs associated with the activities of the restaurant business continuing to grow. Revenue from the restaurants is expected to exceed this increase in expense.

Professional fees increased $69,331 in 2012 from 2011 primarily from additional legal and regulatory expenses incurred as part of the continued growth of the Company.

Payroll and benefits increased $122,022 in 2012 from 2011 primarily from the addition of restaurant management personnel beginning in the fourth quarter of 2011 and the addition of corporate personnel in the second quarter of 2012.

Consulting and investor relations fees increased $133,386 in 2012 from 2011 as the Company engaged experienced personnel to startup our European subsidiary and Brazil operations and to increase the Company's recognition in the investment arena. Non-cash fees for services were $16,,200 and $0 in 2012 and 2011, respectively. Non-cash amortization of warrant expense for services were $52,655 and $0 in 2012 and 2011, respectively.

Other G&A expense increased $64,070 in 2012 from 2011 primarily related to the addition of restaurant management costs.

Depreciation and amortization

Depreciation expense for the three months ended September 30, 2012 and 2011 amounted to $92,757 and $2,512, respectively. The restaurant segment for the three months ended September 30, 2012 and 2011 amounted to $90,313 and $0, respectively, and the management business amounted to $2,444 and $2,512, respectively.

Amortization expense for the three months ended September 30, 2012 for the restaurant businesses related to franchise fees was $5,126. There was no amortization expense in 2011.

OTHER INCOME (EXPENSE)

Other income (expense) consisted of the following for the three months ended September 30, 2012 and 2011:

	2012	2011
Other income (expense):		
Equity in earnings (losses) of investments	$ 33,412	$ (20,820)
Miscellaneous income	1,680	-
Other than temporary decline in available-for-sale securities	-	(147,973)
Interest expense	(39,583)	(41,190)
	$ (4,491)	$ (209,983)

Equity in Earnings of Investments

Equity in earnings of investments includes our share of earnings from investments in which we own at least 20% and are being accounted for using the equity method. This included earnings from the Hoot Campbelltown partnership in 2012 of $33,412, and a loss from the Hoot SA partnerships in 2011 of $20,820.

Interest Expense

Interest expense decreased by $1,607 in 2012 from 2011 primarily due to the addition in 2011 of a line of credit and convertible notes payable, all of which were paid off at the end of June 2012 with the closing of the Company's raise. The majority of the 2012 interest expense is non-cash amortization of warrant expense.

Comparison of nine months ended September 30, 2012 and 2011

Revenue

Revenue amounted to $4,907,828 in the nine months ended September 30, 2012 and $468,417 in the year earlier period.

Restaurant sales amounted to $4,794,250 for our four locations in South Africa, one of which opened to the public on February 17, 2012.

Revenues for the management business for the nine months ended September 30, 2012 amounted to $113,578 and $468,417 in the year earlier period. The cash revenues for the management business in 2011was from a fee of $400,000 received in January 2011 for our services in facilitating the acquisition of HOA and TW plus the accrual of $66,667 for the annual $100,000 fee received in January 2012. In the nine months ended September 30, 2012 the cash revenue of $75,000 represents nine months of the Company's annual payment from HOA of $100,000, which is due in January each year while Mr. Pruitt serves on its board. Non-cash revenues in the nine months ended September 30, 2011 of $1,750 was recognized from the receipt of securities for our services.

The fair value of the equity instruments for management fees received was determined based upon the stock prices as of the date we reached an agreement with the third party. The terms of the securities are not subject to adjustment after the measurement date. See Note 4 of the condensed consolidated financial statements for details.

Restaurant cost of sales

Restaurant cost of sales amounted to $2,005,714, or 44.8% of restaurant net sales. We expect the percentage to remain approximately the same in 2012 as we expand our business in South Africa and other countries.

Restaurant operating expenses

Restaurant operating expenses amounted to $2,636,240, or 55.0% of restaurant net sales. We expect the percentage of operating expenses to restaurant net sales to decline as we open more Hooters locations, however we have a limited history to be able to forecast a range.

Restaurant pre-opening expenses

Restaurant pre-opening expenses amounted to $190,167 incurred for the opening of our location at the Emperor's Palace Casino in Johannesburg, South Africa in February 2012 and the opening of our Budapest, Hungary location in August of 2012.

General and Administrative Expense ("G&A")

G&A amounted to $1,833,933 in the nine months ended September 30, 2012 and $762,159 in the year earlier period. The more significant components of G&A are summarized as follows:

		2012		2011
Professional fees	$	188,633	$	101,045
Payroll and benefits		671,440		356,701
Consulting and investor relation fees		478,279		113,600
Travel and entertainment		151,796		52,052
Accounting and auditing		49,500		58,700
Other G&A		294,285		80,061
	$	1,833,933	$	762,159

G&A costs are expected to range from $550-$650,000 per quarter for the remainder of 2012, with the costs associated with the activities of the restaurant business continuing to grow. Revenue from the restaurants is expected to exceed this increase in expense.

Payroll and benefits increased $87,588 in 2012 from 2011 primarily from the addition of restaurant management personnel beginning in the fourth quarter of 2011 and the addition of corporate personnel in the second quarter of 2012.

Consulting and investor relations fees increased $314,,739 in 2012 from 2011 as the Company engaged experienced personnel to startup our European subsidiary and Brazil operations and to increase the Company's recognition in the investment arena. Non-cash fees for services were $25,606 and $0 in 2012 and 2011, respectively. Non-cash amortization of warrant expense for services were $26,745 and $0 in 2012 and 2011, respectively.

Travel and entertainment increased $91,171 as Company personnel, primarily the CEO, traveled to increase our company awareness and lockdown financing and partners for the restaurant locales.

Other G&A expense increased $148,044 in 2012 from 2011 primarily related to indirect costs of the capital raise which was completed in June 2012.

Depreciation and amortization

Depreciation expense for the nine months ended September 30, 2012 and 2011 amounted to $251,691 and $7,573, respectively. The restaurant segment for the nine months ended September 30, 2012 and 2011 amounted to $244,722 and $0, respectively, and the management business amounted to $6,969 and $7,573, respectively.

Amortization expense for the nine months ended September 30, 2012 for the restaurant businesses related to franchise fees was $13.377. There was no amortization expense in 2011.

OTHER INCOME (EXPENSE)

Other income (expense) consisted of the following for the nine months ended September 30, 2012 and 2011:

		2012		2011
Other income (expense):				
Equity in earnings (losses) of investments	$	(10,474)	$	(9,256)
Realized gains from sale of investments		-		19,991
Other than temporary decline in available-for-sale securities		-		(147,973)
Interest expense		(432,795)		(63,876)
Interest income		-		4,540
Miscellaneous income		1,680		476
	$	(441,589)	$	(196,098)

Equity in Earnings of Investments

Equity in earnings of investments includes our share of earnings from investments in which we own at least 20% and are being accounted for using the equity method. This included losses from the Hoot Campbelltown partnership in 2012 of $10,474, and a loss from the Hoot SA partnerships in 2011 of $9,256.

Realized Gains from Sale of Investments

Realized gains are recorded when investments are sold and include transactions in 2011 from a gain on sales of DineOut.

Interest Expense

Interest expense increased by $368,919 in 2012 from 2011 primarily due to the addition in 2011 of a line of credit and convertible notes payable, all of which were paid in full in June 2012 with the closing of the Company’s raise. Non-cash amortization of warrant expense for interest amounted to $120,632 and $0 in 2012 and 2011, respectively.

Interest Income

Interest income in 2012 decreased $4,540 as 2011 includes earnings from Investors for one month, compared to 2012 which had none.

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 term is 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, 2012. Our management has determined that, as of September 30, 2012, the Company's disclosure controls and procedures are ineffective.

In connection with the preparation of the its quarterly report for the period ended September 30, 2012, the Company’s management evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were ineffective as of September 30, 2012, as a result of the existence of a material weakness in our internal controls over financial reporting related to the Company’s South African subsidiaries.

Since September 2012, the Company has made progress in improving its disclosure controls and procedures. The Company has taken, and are taking, the following actions to remediate the remaining material weaknesses in our internal control over financial reporting that existed at that date: (i) appointed a new South African CFO; (ii) improve segregation of duties; and (iii) adopt sufficient written policies and procedures for accounting and financial reporting.

The Company continues to strive to improve processes to enable them to provide complete and accurate public disclosure. Management believes they will not be able to conclude that the Company’s disclosure controls and procedures are effective until the material weaknesses have been fully remediated.

To address the material weaknesses listed above, management performed analyses and post-closing procedures designed to ensure the Company’s condensed consolidated financial statements were prepared in accordance with U.S. GAAP. These procedures included documentation and testing of processes, data validation procedures from the systems into the general ledger, testing of systems, validation of results, disclosure review, and other analytics. As a result, management believes the condensed consolidated financial statements included in this report fairly present, in all material respects, our financial position, results of operations and cash flows for the period ended September 30, 2012.

Changes in internal control over financial reporting

There have been no significant changes in internal controls or in other factors that could significantly affect these controls during the quarter ended September 30, 2012, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II – OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

On October 12th, 2012, Francis Howard ("Howard"), individually and on behalf of all other similarly situated, filed a lawsuit against Chanticleer Holdings, Inc. (The "Company"), Michael D. Pruitt, Eric S. Lederer, Michael Carroll, Paul I. Moskowitz, Keith Johnson (The "Individual Defendants"), Merriman Capital, Inc., Dawson James Securities, Inc. (The "Underwriter Defendants"), and Creason & Associates P.L.L.C. (The "Auditor Defendant"), in the U.S. District Court for the Southern District of Florida. The class action lawsuit alleges violations of Section 11 of the Securities Act against all Defendants, violations of Section 12(a)(2) of the Securities Act against only the Underwriter Defendants, and violations of Section 15 against the Individual Defendants. Howard seeks unspecified damages, reasonable costs and expenses incurred in this action, and such other and further relief as the Court deems just and proper. On October 15th, 2012, the Honorable Judge James I. Cohn filed an Order setting the Calendar Call for the case for June 13th, 2013, and the Trial Date for the trial period commencing on June 17th, 2013. On October 31st, 2012, the Company and the Individual Defendants retained Stanley Wakshlag at Kenny Nachwalter, P.A. to represent them in this litigation. Requests by the Underwriting Defendants for indemnification were denied. On November 2nd, 2012, we filed a Joint Motion to Extend Deadline to Respond to Class Action Complaint, requesting that our responsive pleading deadline be delayed until after a lead Plaintiff is named. That Motion was approved, and on December 12th, 2012, Howard filed a Motion to Appoint himself Lead Plaintiff and to Approve his Selection of The Rosen Law Firm, P.A. as his Counsel. An Order has yet to be entered on this Motion.

Given that the outcome of litigation is inherently uncertain, and the early stage of this class action, the Company can neither comment on the probability of potential liabilities, nor provide an estimate of such.

ITEM 1A: RISK FACTORS

Not applicable.

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

None.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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

Not applicable.

ITEM 5: OTHER INFORMATION

Effective December 20, 2012, Brian Corbman resigned as a Director of Chanticleer Holdings, Inc. A Director to fill this vacancy will be selected and announced as soon as reasonably possible.

ITEM 6: EXHIBITS

The following exhibits are filed with this report on Form 10-Q/A.

Exhibit 31.1	Certification pursuant to 18 U.S.C. Section 1350 Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification pursuant to 18 U.S.C. Section 1350 Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURE

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:December 21, 2012

By: /s/ Michael D. Pruitt
Michael D. Pruitt,
Chief Executive Officer

Date:December 21, 2012

By: /s/ Eric S. Lederer
Eric S. Lederer,
Chief Financial Officer

Exhibit 31.01

CHANTICLEER HOLDINGS, INC. FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2012
CERTIFICATION 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 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-a15(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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my 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 controls over financial reporting that occurred during the registrant's current 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. I have disclosed, based on my 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 controls 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 controls.

December 21, 2012

/s/ Michael D. Pruitt
Michael D. Pruitt
Chief Executive Officer

Exhibit 31.02

CHANTICLEER HOLDINGS, INC. FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2012
CERTIFICATION 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:

5. I have reviewed this Report on Form 10-Q of Chanticleer Holdings, Inc. (the registrant);
6. 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;
7. 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;
8. 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-a15(f) and 15d-15(f) for the registrant and have:
   e. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
   f. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my 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;
   g. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report my 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
   h. disclosed in this report any change in the registrant’s internal controls over financial reporting that occurred during the registrant’s current 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. I have disclosed, based on my 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 controls 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 controls.

December 21, 2012

/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, 2012
CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND 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 the Quarterly Report of Chanticleer Holdings, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report), each of the undersigned hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act, and
2. The information in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

December 21, 2012	/s/ Michael D. Pruitt Michael D. Pruitt Chief Executive Officer
December 21, 2012	/s/ Eric S. Lederer Eric S. Lederer Chief Financial Officer