

Franchise Holdings International, Inc.
Form 10-Q
May 15, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarterly Period Ended **March 31, 2015**

or

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition period from _____ to _____

Commission File Number: **000-27631**

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

NEVADA
(State or other jurisdiction of incorporation or
organization)

65-0782227
(I.R.S. Employer Identification No.)

8820 Jane Street

Vaughan, Ontario, Canada L4K 2M9

(Address of principal executive offices) (Zip Code)

(888) 554-8789

Registrant's telephone number, including area code

(Former name, former address and former fiscal year, if changed since last report)

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

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	x

(Do not check if a 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 x

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

As of April 30, 2015, the number of shares outstanding of the registrant's class of common stock was 5,892,166.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Interim Financial Statements

Franchise Holdings International, Inc.

For the Three Months Ended March 31, 2015 and 2014

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Franchise Holdings International, Inc.

Balance Sheets

	March 31, 2015 (Unaudited)	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 349,809	\$ 155,735
Accounts receivable	17,064	19,002
Inventory (note 4)	172,543	88,766
Related party receivable (note 9)	7,793	8,278
Prepaid expenses and deposits	7,418	6,102
	554,627	277,883
Capital Assets (note 5)		
	2,017	-
Intangible Assets (note 6)		
	10,590	7,589
	\$ 567,234	\$ 285,472
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 317,887	\$ 287,353
Income taxes payable	5,084	5,551
Shareholder loan (note 7)	3,118	-
	326,089	292,904
Shareholder's Equity		
Share Capital (note 8)		
	557	284
Capital Surplus		
	516,177	140,850
Cumulative Translation Adjustment		
	23,305	28,842
Share Subscriptions Payable		
	290,970	386,770
Deficit		
	(589,864)	(564,178)
	241,145	(7,432)

\$ 567,234 \$ 285,472

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

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Franchise Holdings International, Inc.

Statements of Operations and Other Comprehensive Loss

For the three month periods ended March 31, 2015 and 2014

	2015 (Unaudited)	2014 (Unaudited)
Sales	\$ 78,176	\$ 165,256
Cost of Goods Sold	62,286	107,868
Gross Profit	15,890	57,388
Expenses		
Amortization	153	52
Bank charges and interest	710	1,450
Loss (gain) on foreign exchange	450	684
Office and general	10,752	11,874
Professional fees	13,984	-
Rent and utilities	2,214	3,959
Repairs and maintenance	3,706	-
Shipping and freight	1,242	18,684
Sales and marketing	8,365	5,165
	41,576	41,868
Income (Loss) before Income Taxes	(25,686)	15,520
Provision for Income Taxes	-	-
Net Income (Loss) for the period	(25,686)	15,520
Other Comprehensive Income (Loss)		
Currency translation adjustment	(5,537)	4,804
Comprehensive Income (Loss) for the period	\$ (31,223)	\$ 20,324

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

Franchise Holdings International, Inc.

Statements of Cash Flows

For the three month periods ended March 31, 2015 and 2014

	2015	2014
	(Unaudited)	(Unaudited)
Operating Activities		
Net Income (Loss) for the period	\$ (25,686)	\$ 15,520
Items not involving cash:		
Amortization of capital assets	44	52
Amortization of intangible assets	109	-
Fair value of services rendered by shareholder	10,072	11,338
	(15,461)	26,910
Net changes in non-cash working capital:		
Decrease (increase) in accounts receivable	1,938	(15,692)
Decrease (increase) in inventory	(83,777)	95,813
Decrease (increase) in prepaid expenses and deposits	(1,316)	166
Decrease (increase) in related party receivables	485	-
Increase (decrease) in income taxes payable	(467)	(239)
Increase (decrease) in accounts payable and accrued liabilities	83,684	(107,000)
	547	(26,952)
Cash used in operating activities	(14,914)	(42)
Investing Activities		
Capital assets	(2,061)	(159)
Transaction costs	(53,150)	-
Intangible assets	(3,110)	-
Cash used in investing activities	(58,321)	(159)
Financing Activities		
Share subscription proceeds	279,800	-
Payments to related parties	(6,954)	(7,293)
Proceeds from related parties	-	278

Cash provided by (used in) financing activities	272,846	(7,015)
Effects of Foreign Currency Translation	(5,537)	4,804
Change in cash	194,074	(2,412)
Cash and cash equivalents - beginning of period	155,735	17,517
Cash and cash equivalents - end of period	\$ 349,809	\$ 15,105

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

Franchise Holdings International, Inc.

Notes to the Financial Statements

For the three months ended March 31, 2015 and 2014

1. Nature of Operations

Franchise Holdings International, Inc. (the "Company") was incorporated in the State of Nevada on April 2, 2003. FSGI Corporation was incorporated in the State of Florida on May 15, 1997, and in a reorganization on December 21, 1998 with another corporation named The Martial Arts Network On-Line, Inc. (originally incorporated in Florida on May 23, 1996) changed its name to TMAN Global.Com, Inc. Franchise Holdings International, Inc. and TMAN Global.Com, Inc. consummated a merger on April 30, 2003 whereby Franchise Holdings International, Inc. exchanged 1 common share for all the 90,861 outstanding common shares of TMAN Global.Com, Inc. The purpose of the transaction was a change of domicile. Pursuant to the merger terms, Franchise Holdings International, Inc. was the surviving corporation and TMAN Global.Com, Inc. ceased to exist.

During the year ended December 31, 2014, the Company completed a reverse acquisition transaction (the "Reverse Acquisition") with TruXmart Ltd. ("TruXmart") a company located at 1895 Clements Road, Unit 155, Pickering, Ontario, Canada. TruXmart designs and distributes truck tonneau covers in Canada and the United States. Prior to the completion of the Reverse Acquisition, TruXmart owned 2,300,000 shares of the Company, representing an 80.96% ownership stake in the Company. Pursuant to the Reverse Acquisition, the sole shareholder of TruXmart acquired the 2,300,000 shares from TruXmart and an additional 37,700,000 shares of the Company from the Company in exchange for all 4,791 Class A common shares of TruXmart. Following completion of the Reverse Acquisition, the former sole shareholder of TruXmart will own 40,000,000 of the 40,540,864 issued and outstanding shares of the Company, representing a 98.67% ownership stake in the Company. As at March 31, 2015, the Company had yet to issue the 37,700,000 shares of its common stock as the Company is in the process of increasing its authorized share capital to allow it to issue such number of shares.

During the year ended December 31, 2014, the Company incurred transaction costs of \$299,839 which were included in the net loss and comprehensive loss for the year. As at December 31, 2014, \$215,000 of the expenses had been paid in cash and the remaining \$84,839 were included in accounts payable and accrued liabilities as they were to be paid subsequent to December 31, 2014.

The transaction has been accounted for as a reverse acquisition, as owners and management of TruXmart have voting and operating control of the Company following completion of the Reverse Acquisition.

The accompanying financial statements include the activities of Franchise Holdings International, Inc., its predecessor corporations and TruXmart.

Franchise Holdings International, Inc.

Notes to the Financial Statements

For the three months ended March 31, 2015 and 2014

2. Basis of Presentation

a) Statement of Compliance

The Company's interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") as issued by the Financial Accounting Standards Board ("FASB"). The Company's fiscal year end is December 31.

The interim consolidated financial statements have been prepared without audit in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Securities and Exchange Commission ("SEC") Form 10-Q. They do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended December 31, 2014.

The interim consolidated financial statements included herein are unaudited; however, they contain all normal recurring accruals and

adjustments that, in the opinion of management, are necessary to present fairly the Company's consolidated financial position as of March 31, 2015, the results of its operations for the three months ended March 31, 2015 and 2014, and its consolidated cash flows for the three months ended March 31, 2015 and 2014. The results of operations for the three months ended March 31, 2015 are not necessarily indicative of the results to be expected for future quarters or the full year ending December 31, 2015.

b) Basis of Measurement

The Company's interim financial statements have been prepared on the historical cost basis.

c) Functional and
Presentation Currency

These interim financial statements are presented in United States Dollars. The functional currency of the Company is the Canadian Dollar.

d) Use of Estimates

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

Franchise Holdings International, Inc.

Notes to the Financial Statements

For the three months ended March 31, 2015 and 2014

3. Significant Accounting Policies

The accounting policies used in the preparation of these interim financial statements are consistent with those of the Company's audited financial statements for the year ended December 31, 2014.

4. Inventory

Inventory is comprised of:

	March 31, 2015	December 31, 2014
Finished goods	\$ 163,404	\$ 79,527
Promotional items	5,981	6,023
Raw materials	3,158	3,216
	\$ 172,543	\$ 88,766

5. Capital Assets

	March 31, 2015			December 31, 2014 Net
	Cost	Accumulated Amortization	Net	
Equipment	\$ 2,061	\$ 44	\$ 2,017	\$ -

6. Intangible Assets

Intangible assets consist of costs incurred to establish the TruXmart Tri-Fold and Smart Fold patent technology as well as costs incurred to develop the Company's website. The patent was issued August 26, 2014. The patent will be amortized on a straight-line basis over its useful life of 25 years. As the website was not yet complete as

at March 31, 2015, the Company has not amortized the website during the period ended March 31, 2015.

	March 31, 2015			December 31, 2014 Net	
	Cost	Accumulated Amortization	Net		
Patent	\$ 7,718	\$ 238	\$ 7,480	\$ 7,589	
Website	3,110	-	3,110	-	
	\$ 10,828	\$ 238	\$ 10,590	\$ 7,589	

7. Shareholder Loan

During the period ended March 31, 2015, the Company received aggregate advances of \$Nil (2014 - \$278) and made aggregate payments of \$6,954 (2014 - \$7,293) with a shareholder. The advances are non-interest bearing and payable on demand.

Franchise Holdings International, Inc.

Notes to the Financial Statements

For the three months ended March 31, 2015 and 2014

8. Share Capital

The Company is authorized to issue 20,000,000 shares of its common stock with a par value of \$0.0001. All shares are ranked equally with regards to the Company's residual assets.

During the year ended December 31, 2014, the Company received subscriptions for 2,775,360 shares of its common stock for proceeds of \$383,000. As at December 31, 2014, the shares had yet to be issued and the full amount of the proceeds was included in share subscriptions payable. During the three months ended March 31, 2015, the Company issued 2,413,041 of the common shares.

During the three months ended March 31, 2015, the Company received subscriptions for 2,027,536 shares of its common stock for proceeds of \$279,800. During the three months ended March 31, 2015, the Company issued 308,694 of the common shares, with the remaining 1,718,842 yet to be issued, the proceeds of which are included in share subscriptions payable as at March 31, 2015. Subsequent to March 31, 2015, 269,565 of the common shares were issued.

The Company's net loss per weighted average number of shares outstanding for the three month periods ended March 31, 2015 and 2014 are as follows:

	2015	2014
Net income (loss) for the period	\$ (25,686)	\$ 15,520
Weighted average number of shares (basic and diluted)	3,403,907	100
Income (Loss) per weighted average share (basic and diluted)	\$ -	\$ 155

As at March 31, 2015 and December 31, 2014, the Company's authorized, issued and outstanding share capital is as follows:

	March 31, 2015	December 31, 2014
5,562,601 common shares (December 31, 2014 - 2,840,864)	\$ 557	\$ 284

9. Related Party Transactions

During the period ended March 31, 2015, the Company recorded office and general expenses of \$10,072 (2014 - \$11,338) related to the fair market value of services rendered to the Company by its shareholder. The full amount was charged to the shareholder loan account.

During the period ended March 31, 2015, the Company incurred repairs and maintenance expenses of \$3,706 related to its prior office space which is owned by an officer of the Company.

As at March 31, 2015, the Company had \$7,793 (December 31, 2014 - \$8,278) receivable from a related party that is a company controlled by an officer of the Company. The amounts are non-interest bearing and are repayable on demand.

Franchise Holdings International, Inc.

Notes to the Financial Statements

For the three months ended March 31, 2015 and 2014

10. Financial Instruments

Credit Risk

The Company is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the Company has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit balances. The Company incurred bad debt expense of \$Nil during the period ended March 31, 2015 (2014 - \$Nil).

Currency Risk

The Company is exposed to currency risk on its sales and purchases denominated in Canadian Dollars. The Company actively manages these risks by adjusting its pricing to reflect currency fluctuations and purchasing foreign currency at advantageous rates.

As at March 31, 2015, cash includes 25,074 Canadian Dollars (2014 - 4,379 Canadian Dollars), accounts receivable includes 14,371 Canadian Dollars (2014 - 14,613 Canadian Dollars), accounts payable and accrued expenses include 107,943 Canadian Dollars (2014 - 40,171 Canadian Dollars) and income taxes payable includes 6,439 Canadian Dollars (2014 - Nil Canadian Dollars).

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company relies on cash flows generated from operations, as well as injections of capital through the issuance of the Company's capital stock to settle its liabilities when they become due.

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

Concentration of Supplier Risk

The Company purchases all of its inventory from one supplier source in Asia. The Company carries significant strategic inventories of these materials to reduce the risk associated with this concentration of suppliers. Strategic inventories are managed based on demand. To date, the Company has been able to obtain adequate supplies of the materials used in the production of its products in a timely manner from existing sources. The loss of this key supplier or a delay in shipments could have an adverse effect on its business.

Franchise Holdings International, Inc.

Notes to the Financial Statements

For the three months ended March 31, 2015 and 2014

10. Financial Instruments (continued)**Concentration of Customer Risk**

The following table includes the percentage of the Company's sales to significant customers for the three months ended March 31, 2015 and 2014. A customer is considered to be significant if they account for greater than 10% of the Company's annual sales.

	2015	2014
Customer A	48.5	57.3
Customer B	27.3	16.0
	75.8	73.3

The loss of any of these key customers could have an adverse effect on the Company's business.

11. Commitments

- a) During the year ended December 31, 2014, the Company entered into a License Agreement whereby the Company was granted an exclusive license under Patent Rights to make, use, offer for sale, import or sell a proprietary latching system developed and patented by the Company's shareholder (the "Licensor"). The License Agreement allows the Company to manufacture or sub-license the patented latching system and provide services utilizing the patented latching system within the United States and its territories and possessions and any foreign countries where Patent Rights exist. The License Agreement does not require the payment of license issue fees or royalties, however, the Company will be required to maintain any fees or costs associated to keep the patent active. The License Agreement will be in effect for the life of the last-to-expire patent or last-to-be-abandoned patent application licensed under this Agreement, whichever is later. The Company will have the right to terminate the Agreement in whole or as to any portion of Patent Rights at any time by giving such notice to the Licensor. Should the Company violate or fail to perform any term of this Agreement, the Licensor may give written notice of such default ("Notice of Default") to the Company. Should the Company fail to repair such default within sixty days, of the effective date of such notice, the Licensor will have the right to terminate the License Agreement and the licenses therein by a second written notice ("Notice of Termination") to the Company. If a Notice of Termination is sent to the Company, the License

Agreement will automatically terminate on the effective date of such notice.

Franchise Holdings International, Inc.

Notes to the Financial Statements

For the three months ended March 31, 2015 and 2014

11. Commitments
(continued)

- b) During the year ended December 31, 2014, the Company entered into an agreement (the "Advisory Agreement") for the provision of corporate advisory services including, but not limited to, the completion of a Going Public Transaction. Pursuant to the Advisory Agreement, the Company will pay a monthly fee of 5,000 Canadian Dollars (the "Advisory Fee") until May 1, 2016 unless the Advisory Agreement is extended by mutual agreement of the parties. Payment of the Advisory Fee will be deferred until such time as a Going Public Transaction is completed and the Company raises not less than 400,000 Canadian Dollars in its sales of stock and/ or other securities. The Advisory Agreement can be terminated for any reason by either party with ninety days written notice submitted by the party requesting the cancellation. In the event that the cancellation is for cause, the notification period can be reduced to thirty days subject to certain procedural requirements as defined in the Advisory Agreement.

12. Comparative Figures

Certain comparative figures have been re-classified to conform to the current period's presentation.

13. Evaluation of Subsequent Events

The Company has evaluated subsequent events through May 15, 2015, which is the date the financial statements were available to be issued. On April 6, 2015, 269,565 shares of the Company's common stock were issued to subscribers at \$.138 per share. The proceeds of such were received by the Company during the three months ended March 31, 2015. Also on April 6, 2015, 60,000 shares of the Company's common stock were issued to Ryan Goulding Services, LLC, for services performed, pursuant to a settlement agreement, dated February 12, 2015, by and among the Company, Securities Counselors, Inc. and Belair Capital Partners, Inc.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis ("MD&A") should be read in conjunction with financial statements of FNHI for the three months ended March 31, 2015 and 2014, and the notes thereto. Additional information relating to FNHI is available at www.fnhi.net

Safe Harbor for Forward-Looking Statements

Certain statements included in this MD&A constitute forward-looking statements, including those identified by the expressions *anticipate, believe, plan, estimate, expect, intend*, and similar expressions to the extent they relate to FNHI or its management. These forward-looking statements are not facts, promises, or guarantees; rather, they reflect current expectations regarding future results or events. These forward-looking statements are subject to risks and uncertainties that could cause actual results, activities, performance, or events to differ materially from current expectations. These include risks related to revenue growth, operating results, industry, products, and litigation, as well as the matters discussed in FNHI's MD&A under *Risk Factors*. Readers should not place undue reliance on any such forward-looking statements. FNHI disclaims any obligation to publicly update or to revise any such statements to reflect any change in the Company's expectations or in events, conditions, or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

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

Results of Operations

Revenue

For the three months ended March 31, 2015, revenue generated from the entire line of TruXmart products was \$78,176, as compared to \$165,256 for the three months ended March 31, 2014. The year over year decrease of approximately 53% was mainly attributable to the preparation of releasing new product lines and limited stock in the warehouse.

For the three months ended March 31, 2015, revenue generated in Canada was \$28,665 compared to \$43,845 for the same period in 2014, a decrease of 35%. The relative weakening of the Canadian Dollar compared to the United States Dollar during the first quarter of fiscal 2015 had a negative effect on reported revenues as a result of translating the sales denominated in Canadian Dollars to United States Dollars for financial statement reporting purposes. Canadian Dollar Sales decreased to CDN\$35,577 from CDN\$48,339, a decrease of 26% during the three months ended March 31, 2015. For the three months ended March 31, 2015 revenue generated in the United States was \$49,511 compared to \$121,411 for the same period in 2014. This represents a decrease in US- source revenue of approximately 59% year over year. This decrease in the US is limited inventory in stock

Sales from online retailers of the TruXmart products decreased from \$113,927 in 2014 to \$42,108 in 2015, a decrease of 63%. The online retailers accounted for over 53% of total revenue for the three months ended March 31, 2015, compared to 68% for the three months ended March 31, 2014. Distributor sales decreased from \$12,541 in 2014, to \$8,413 in 2015.

Currently, TruXmart has two major distributors in Canada, one in the United States, along with its own contracted distribution and inventory facility in Depew, NY. This does not include multiple independent online retailers.

Although TruXmart currently supports a total of 10 dealers and distributors, TruXmart believes the trend of increasing sales through online retailers will continue to outpace the traditional distribution business model. Moreover, reputable online retailer's customers tend to provide larger sales volumes, greater margin of profit as well as greater protection against price erosion.

Cost of Sales

Cost of sales decreased by 42% from \$107,868 to \$62,286, representing 80% of revenue. This decrease was primarily due to a corresponding decrease in sales for the period as well as the addition of shipping and freight costs to cost of sales which were expensed in prior periods. Our cost of sales, as a percentage of sales, was approximately 65% and 80% for the three months ended March 31, 2014 and 2015, respectively.

TruXmart provides its distributors and online retailers an “all-in” wholesale price. This includes any import duty charges, taxes and shipping charges. Discounts are applied if the distributor or retailer chooses to use their own shipping process. Certain exceptions apply on rare occasions where product is shipped outside the contiguous United States or from the United States to Canada. Volume discounts are also offered to certain higher volume customers.

General and Administrative Expenses

General and administrative expenses for the three months ended March 31, 2015 were \$41,576 compared to \$41,868 for the three months ended March 31, 2014. Our office and general expense decreased by \$1,122, from \$11,874 to \$10,752. The decrease is a result of the fact that, as the majority of TruXmart’s office and general expenses are dominated in Canadian Dollars, fluctuations in the foreign exchange rate between the Canadian and United States Dollars had an advantageous result when translating these amounts into United States Dollars for financial reporting purposes. Shipping and freight decreased by \$17,442 from \$18,684 to \$1,242. The decrease is a result of a change in how shipping expenses have been recorded - during fiscal 2015, the majority of the Company’s shipping and freight costs have been included in cost of sales. Sales and marketing increased \$3,200 from \$5,165 to \$8,365. This increase due to increased personnel costs paid for sales services. Professional fees which include accounting, legal and consulting fees increased from \$Nil for the three months ended March 31, 2014 to \$13,984 for the three months ended March 31, 2015 as a result of a consulting contract entered into by the Company during May 2014. The Company also incurred repairs and maintenance expenses of \$3,706 on its previous premises during the quarter ended March 31, 2015. The Company did not incur any such expenses during the quarter ended March 31, 2014.

Net Loss

Net loss for the three months ended March 31, 2015 was \$25,686 compared to net income of \$15,520 for the three months ended March 31, 2014. The decrease in the net income was due to reduced sales as discussed above.

Liquidity and Capital Resources

Cash Flow Activities

Cash increased from \$155,735 at December 31, 2014 to \$349,809 at March 31, 2015. This increase was primarily the result of proceeds from share subscriptions received during the three months ended March 31, 2015 of \$279,800. Accounts receivable decreased by \$1,938 from \$19,002 at December 31, 2014 to \$17,064 at March 31, 2015. Inventory increased by \$83,777 from \$88,766 at December 31, 2014 to \$172,543 at March 31, 2015 largely as a result of the timing of the receipt of inventory shipments. Accounts payable and accrued liabilities increased by \$30,534 from \$287,353 at December 31, 2014 to \$317,887 at March 31, 2015. The increase in payables is related to transaction costs incurred during the fiscal year ended December 31, 2014.

Financing Activities

During the first three months of 2014, TruXmart funded working capital requirements principally through cash flows from operations and stockholder loans when required. The Company has been able to raise capital through private placements of shares of the Company's common stock. During the three months ended March 31, 2015, the Company has received subscriptions for 2,027,537 shares of its common stock for proceeds of \$279,800.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

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

The accounting policies that we follow are set forth in Note 3 to our financial statements as included in this annual report. These accounting policies conform to accounting principles generally accepted in the United States, and have been consistently applied in the preparation of the financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a “smaller reporting company,” as defined by Rule 12b-2 of the Exchange Act, we are not required to provide the information in this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. To address the material weaknesses, we performed additional analysis and other post-closing procedures in an effort to ensure our consolidated financial statements included in this annual report have been prepared in accordance with generally accepted accounting principles. Accordingly, management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Management's Report on Internal Control over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act, as amended. Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and Principal Accounting Officer and effected by our Board of Directors, management and other personnel, 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.

The framework our management uses to evaluate the effectiveness of our internal control over financial reporting is based on the guidance provided by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in its 1992 report: INTERNAL CONTROL - INTEGRATED FRAMEWORK. Based on our evaluation under the framework described above, our management has concluded that our internal control over financial reporting was ineffective as of December 31, 2014 due to the same material weaknesses that rendered our disclosure controls and procedures ineffective. The Company's internal control over financial reporting is not effective due to a lack of sufficient resources to hire a support staff in order to separate duties between different individuals. The Company lacks the appropriate personnel to handle all the varying recording and reporting tasks on a timely basis. The Company plans to address these material weaknesses as resources become available by hiring additional professional staff, such as a Chief Financial Officer, as funding becomes available, outsourcing certain aspects of the recording and reporting functions, and separating responsibilities. We have identified the following material weaknesses.

1. As of March 31, 2015, we did not maintain effective controls over the control environment. Specifically, we have not developed and effectively communicated to our employees the accounting policies and procedures. This has resulted in inconsistent practices. Further, the Board of Directors does not currently have any independent members and no director qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K. Since these entity level programs have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness.

2. As of March 31, 2015, we did not maintain effective controls over financial statement disclosure. Specifically, controls were not designed and in place to ensure that all disclosures required were originally addressed in our financial statements. Accordingly, management has determined that this control deficiency constitutes a material weakness.

Because of these material weaknesses, management has concluded that the Company did not maintain effective internal control over financial reporting as of March 31, 2015, based on the criteria established in "INTERNAL CONTROL-INTEGRATED FRAMEWORK" issued by the COSO.

Change In Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our last fiscal year that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

Inherent Limitations over Internal Controls

FNHI's management does not expect that its disclosure controls or its internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within FNHI have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Our disclosure controls and procedures are designed to provide reasonable assurance of that our reports will be accurate. Our Chief Executive Officer and Principal Accounting Officer concludes that our disclosure controls and procedures were effective at that reasonable assurance level, as of the end of the period covered by this Form 10-Q. Our future reports shall also indicate that our disclosure controls and procedures are designed for this reason and shall indicate the related conclusion by the Chief Executive Officer and Principal Accounting Officer as to their effectiveness.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any material or legal proceeding and, to our knowledge, none is contemplated or threatened.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended March 31, 2015, the Company completed the following unregistered sales of equity securities, each pursuant to a subscription agreement, dated between February 10, 2015 and March 31, 2015, all pursuant to Rule 506(b) of Regulation D:

1. Luigi Ruffolo purchased 100,000 shares for \$13,800.
2. Santerra Asset Management and Development, Inc. purchased 108,696 shares for \$15,000.
3. Josphe Panetta purchased 108,696 shares for \$15,000.
4. Donal Bayer purchased 362,319 shares for \$50,000, which shares have yet to be issued.
5. Sonia Platnick purchased 724,638 shares for \$100,000, which shares have yet to be issued.
6. Robert Oliva purchased 362,319 shares for \$50,000, which shares have yet to be issued.
7. Nadia Milton purchased 7,247 shares for \$1,000.
8. Rocco Pannese purchased 36,232 shares for \$5,000.
9. Bettie DiFeo purchased 36,232 shares for \$5,000.
10. Nello Cappabocia purchased 36,232 shares for \$5,000.
11. Elisa Urbano purchased 72,462 shares for \$10,000.
12. Michael Zanini purchased 36,232 shares for \$5,000.
13. Christian Mancini purchased 36,232 shares for \$5,000.

Each sale above was at a price per share of \$.138.

Ryan Goulding Services, LLC was issued 60,000 shares of common stock on April 6, 2015, as part of a settlement for legal services provided, pursuant to a Settlement Agreement, dated February 12, 2015, in accordance with Section 4(a)(2).

Item 3. Defaults Upon Senior Securities

There have been no defaults upon senior securities.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

As a “smaller reporting company,” as defined by Rule 12b-2 of the Exchange Act, we are not required to provide the information in this Item.

Item 6. Exhibits

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
3.1*	Articles of Incorporation
3.2*	By-Laws
3.3#	Articles of Merger of TMAN Global.com, Inc. and Franchise Holdings International, Inc.
10.1	Form of Subscription Agreement, by and between FNHI and certain subscribers, dated February 10, 2015
31.1	Section 302 Certification of Chief Executive Officer
31.2	Section 302 Certification of Chief Financial Officer
32.1	Section 906 Certification of Chief Executive Officer
32.2	Section 906 Certification of Chief Financial Officer

* Filed as an exhibit to the registrant's Form 10-QSB, filed October 13, 1999 and incorporated by reference herein.

Filed as an exhibit to the registrant's Form 10-Q, filed April 24, 2009 and incorporated by reference herein.

SIGNATURES

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

FRANCHISE HOLDINGS INTERNATIONAL, INC.

Dated: May 15, 2015

By: */s/ Steven Rossi*
Steven Rossi, Chairman of the Board,
Chief

Executive Officer, Chief Financial
Officer and

Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: May 15, 2015

By: */s/ Steven Rossi*
Steven Rossi, Chairman of the Board,
Chief
Executive Officer, Chief Financial
Officer
and Principal Accounting Officer