
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:
Commission File Number:

March 31, 2007
814-00709

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)

4201 Congress Street, Suite 145, Charlotte, NC 28209

(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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 March 31, 2007, was 7,689,461 shares.

Chanticleer Holdings, Inc.

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PART 1: FINANCIAL INFORMATION

ITEM 1: CONDENSED FINANCIAL STATEMENTS

Chanticleer Holdings, Inc.
Statements of Net Assets
March 31, 2007 and December 31, 2006

	2007	2006
	(Unaudited)	
ASSETS		
Investments:		
Non-affiliate investments (cost: 2007 - \$917,947; 2006 - \$987,089)	\$ 1,013,400	\$ 1,195,470
Controlled affiliate investments (cost: 2007 and 2006 - \$1,150,000)	1,150,000	1,150,000
Total investments	2,163,400	2,345,470
Cash and cash equivalents	44,584	124,311
Accounts receivable	63,344	31,481
Prepaid expenses and other assets	14,419	19,996
Fixed assets, net	31,256	33,290
Deposits	23,980	22,500
TOTAL ASSETS	2,340,983	2,577,048
LIABILITIES		
Accounts payable	-	12,614
Accrued expenses	341	341
Note payable	150,704	150,704
TOTAL LIABILITIES	151,045	163,659
NET ASSETS	\$ 2,189,938	\$ 2,413,389
Commitments and contingencies		
COMPOSITION OF NET ASSETS		
Common stock, \$.0001 par value. Authorized 200,000,000 shares; issued and outstanding 7,689,461 shares at March 31, 2007 and		
December 31, 2006	\$ 769	\$ 769
Additional paid in capital	2,799,831	2,799,831
Accumulated deficit:		
Accumulated net operating loss	(698,556)	(578,122)
Net realized loss on investments	(7,559)	(17,470)
Net unrealized appreciation of investments	95,453	208,381
NET ASSETS	\$ 2,189,938	\$ 2,413,389
NET ASSET VALUE PER SHARE	\$ 0.2848	\$ 0.3139

See accompanying notes to condensed financial statements.

Chanticleer Holdings, Inc.
Statements of Operations
For the Three Months Ended March 31, 2007 and 2006
(Unaudited)

	2007	2006
Income from operations:		
Interest and dividend income:		
Non-affiliates	\$ 1,653	\$ 18,089
Affiliate	11,500	-
Management fee income from affiliated investment	25,000	-
	38,153	18,089
Expenses:		
Salaries and wages	56,518	51,552
Professional fees	42,620	5,238
Shareholder services	934	1,473
Printing and reproduction	-	10,914
Interest expense	3,108	-
Insurance expense	9,793	10,678
Dues and subscriptions	210	3,647
Rent expense	7,685	7,634
Travel and entertainment expense	19,494	9,106
Other general and administrative expense	18,225	17,028
	158,587	117,270
Loss before income taxes	(120,434)	(99,181)
Income taxes	-	-
Net loss from operations	(120,434)	(99,181)
Net realized and unrealized gains (losses):		
Net realized gain on investments, with no income tax provision	9,911	5,864
Change in unrealized appreciation (depreciation) of investments, net of deferred tax expense of \$0	(112,928)	134,215
Net increase (decrease) in net assets from operations	\$ (223,451)	\$ 40,898
Net increase (decrease) in net assets from operations per share,		
basic and diluted	\$ (0.0291)	\$ 0.0053
Weighted average shares outstanding	7,689,461	7,678,089

See accompanying notes to condensed financial statements.

Chanticleer Holdings, Inc.
Statements of Cash Flows
For the Three Months Ended March 31, 2007 and 2006
(Unaudited)

	2007	2006
Cash flows from operating activities		
Net increase (decrease) in net assets from operations	\$ (223,451)	\$ 40,898
Adjustments to reconcile net increase (decrease) in net assets from operation to net cash used in operating activities:		
Change in unrealized (appreciation) depreciation of investments	112,928	(134,215)
Gain on sale of investments	(9,911)	(5,864)
Depreciation	2,034	1,872
Change in other assets and liabilities:		
(Increase) decrease in accounts receivable	(27,423)	-
(Increase) decrease in prepaid expenses and other assets	(343)	3,878
Increase (decrease) in accounts payable and accrued expenses	(12,614)	(7,684)
Net cash used in operating activities	(158,780)	(101,115)
Cash flows from investing activities		
Purchase of investments	-	(1,837,347)
Proceeds from sale of investments	79,053	19,584
Purchase of fixed assets	-	(6,198)
Net cash provided by (used in) operating activities	79,053	(1,823,961)
Cash flows from financing activities		
Proceeds from sale of common stock	-	83,250
Net cash provided by financing activities	-	83,250
Net decrease in cash and cash equivalents	(79,727)	(1,841,826)
Cash and cash equivalents, beginning of period	124,311	2,217,525
Cash and cash equivalents, end of period	\$ 44,584	\$ 375,699
Supplemental cash flow information		
Cash paid for interest and income taxes:		
Interest	\$ 3,108	\$ -
Income taxes		
Non-cash investing and financing activities:		
Cancellation of stock subscription receivable	\$ -	\$ 1,000,000

See accompanying notes to condensed financial statements.

Chanticleer Holdings, Inc.
Statements of Changes in Net Assets
For the Three Months Ended March 31, 2007 and 2006
(Unaudited)

	2007	2006
Changes in net assets from operations		
Net loss from operations	\$ (120,434)	\$ (99,181)
Realized gains on sale of investments, net	9,911	5,864
Change in net unrealized appreciation (depreciation) of investments, net	(112,928)	134,215
Net increase (decrease) in net assets from operations	(223,451)	40,898
Capital stock transactions		
Common stock issued for cash	-	83,250
Net increase in net assets from stock transactions	-	83,250
Net increase (decrease) in net assets	(223,451)	124,148
Net assets at beginning of period	2,413,389	2,529,352
Net assets at end of period	\$ 2,189,938	\$ 2,653,500

See accompanying notes to condensed financial statements.

Chanticleer Holdings, Inc.
Financial Highlights
For the Three Months Ended March 31, 2007 and 2006
(Unaudited)

	<u>2007</u>	<u>2006</u>
PER SHARE INFORMATION		
Net asset value, beginning of period	\$ 0.3139	\$ 0.2939
Net decrease from operations	(0.0157)	(0.0129)
Net change in realized gains (losses) and unrealized appreciation (depreciation) of investments, net	(0.0134)	0.0182
Net increase from stock transactions	-	0.0459
Net asset value, end of period	<u>\$ 0.2848</u>	<u>\$ 0.3451</u>
Per share market value:		
Beginning of period	\$ 1.10	\$ 1.00
End of period	1.00	1.00
Investment return, based on market price at end of period (1)	-9%	0%
RATIOS/SUPPLEMENTAL DATA		
Net assets, end of period	2,189,938	2,653,500
Average net assets	2,329,284	2,576,805
Annualized ratio of expenses to average net assets	27%	18%
Annualized ratio of net increase (decrease) in net assets from operations to average net assets	-38%	6%
Common stock outstanding at end of period	7,689,461	7,689,461
Weighted average shares outstanding during period	7,689,461	7,678,089

(1) Periods of less than one year are not annualized.

Chanticleer Holdings, Inc.
Schedule of Investments
As of March 31, 2007
(Unaudited)

<u>Shares/ Interest</u>	<u>Quarter Acquired</u>		<u>Original Cost</u>	<u>Fair Value</u>	<u>Percent Net Assets</u>
NON-AFFILIATE INVESTMENTS					
NON-INCOME PRODUCING INVESTMENTS					
8,000	Sep-05	Tandy Leather Factory, Inc. (AMEX:TLF); specialty	\$ 37,328	\$ 57,600	3%
	Dec-05	retailer and wholesale distributor of leather products, tools and leather finishes and kits			
800,000	Sep-05	Special Projects Group (Pink Sheets:SPLJ)	102,403	80,800	4%
		distributor and marketer of security and defense products and training manuals			
33.3%	Mar-06	LFM Management, LLC, dba 1st Choice Mortgage (Privately held); Direct to consumer brokerage company	250,000	250,000	11%
10.27%	Mar-06	EE Investors, LLC, whose sole asset is a 16.2% interest in Bouncing Brain Productions, LLC (Privately held); Inventor promotion company	250,000	250,000	11%
			<u>639,731</u>	<u>638,400</u>	<u>29%</u>
LOAN INVESTMENTS					
Loan	Jun-06	Lifestyle Innovations, Inc. (OTCBB:LFSI); note and accounts receivable investment of approximately \$1,200,000, non-interest bearing	100,000	100,000	5%
Loan	Sep-06	Special Projects Group (Pink Sheets:SPLJ) distributor and marketer of security and defense products and training manuals; 12% note due 7/07	50,000	50,000	2%
			<u>150,000</u>	<u>150,000</u>	<u>7%</u>
OIL AND GAS PROPERTY INVESTMENTS					
37.5%	Mar-06	Signature Energy, Inc; working interest in two oil and gas properties in Washington County, OK	128,216	225,000	10%
		Total non-affiliate investments	<u>917,947</u>	<u>1,013,400</u>	<u>46%</u>
AFFILIATE INVESTMENT					
23%	Mar-06	Chanticleer Investors LLC (Privately held);	1,150,000	1,150,000	53%
	Jun-06	Investment LLC with note receivable from Hooters			
	Dec-06	of America, Inc. in the amount of \$5,000,000			
		Total investments at March 31, 2007	<u>\$ 2,067,947</u>	<u>2,163,400</u>	<u>99%</u>
		Cash and other assets, less liabilities		26,538	1%
		Net assets at March 31, 2007		<u>\$ 2,189,938</u>	<u>100%</u>

See accompanying notes to financial statements.

Chanticleer Holdings, Inc.
Schedule of Investments
As of December 31, 2006

<u>Shares/ Interest</u>	<u>Quarter Acquired</u>		<u>Original Cost</u>	<u>Fair Value</u>	<u>Percent Net Assets</u>
NON-AFFILIATE INVESTMENTS					
NON-INCOME PRODUCING INVESTMENTS					
11,000	Sep-05	Tandy Leather Factory, Inc. (AMEX:TLF); specialty	\$ 52,011	\$ 88,770	4%
	Dec-05	retailer and wholesale distributor of leather products, tools and leather finishes and kits			
800,000	Sep-05	Special Projects Group (Pink Sheets:SPLJ) distributor and marketer of security and defense products and training manuals	102,403	176,000	8%
6,000	Jun-06	SM&A (NASDAQ:WINS); A leading provider of business strategy, proposal development and program services for winning and delivering competitive procurements.	35,669	34,800	1%
800	Jun-06	Professionals Direct, Inc. (OTCBB:PFLD); provides lawyer liability insurance and underwriting and other services to insurance companies	18,790	20,900	1%
33.3%	Mar-06	LFM Management, LLC, dba 1st Choice Mortgage (Privately held); Direct to consumer brokerage company	250,000	250,000	10%
10.27%	Mar-06	EE Investors, LLC, whose sole asset is a 16.2% interest in Bouncing Brain Productions, LLC (Privately held); Inventor promotion company	250,000	250,000	10%
			<u>708,873</u>	<u>820,470</u>	<u>34%</u>
LOAN INVESTMENTS					
Loan	Jun-06	Lifestyle Innovations, Inc. (OTCBB:LFSI); note and accounts receivable investment of approximately \$1,200,000, non-interest bearing	100,000	100,000	4%
Loan	Sep-06	Special Projects Group (Pink Sheets:SPLJ) distributor and marketer of security and defense products and training manuals; 12% note due 7/07	50,000	50,000	2%
			<u>150,000</u>	<u>150,000</u>	<u>6%</u>
OIL AND GAS PROPERTY INVESTMENTS					
37.5%	Mar-06	Signature Energy, Inc; working interest in two oil and gas properties in Washington County, OK	128,216	225,000	9%
		Total non-affiliate investments	987,089	1,195,470	49%
AFFILIATE INVESTMENT					
23%	Mar-06	Chanticleer Investors LLC (Privately held);	1,150,000	1,150,000	48%
	Jun-06	Investment LLC with note receivable from Hooters			
	Dec-06	of America, Inc. in the amount of \$5,000,000			
		Total investments at December 31, 2006	<u>\$ 2,137,089</u>	<u>2,345,470</u>	<u>97%</u>
		Cash and other assets, less liabilities		<u>67,919</u>	<u>3%</u>
		Net assets at December 31, 2006		<u>\$ 2,413,389</u>	<u>100%</u>

See accompanying notes to financial statements.

Chanticleer Holdings, Inc.
Notes to Financial Statements
(Unaudited)

A. Nature of Business and Significant Accounting Policies

- (1) **Organization** - Chanticleer Holdings, Inc. (the "Company", "we", or "us") was organized October 21, 1999, under the laws of the State of Delaware. The Company previously had limited operations and in accordance with SFAS No. 7 was considered a development stage company until July 2005. The Company was formed to serve as a vehicle to effect a merger, exchange of capital stock, asset acquisition or other business combination with a domestic or foreign private business. 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.
- (2) **General** - The 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 financial statements have not been audited.

Certain information and footnote disclosures normally included in 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 financial statements and notes thereto included in the Company's Annual Report for the period ended December 31, 2006, which is included in the Company's Form 10-K.

- (3) **Investment Company** - On May 23, 2005, the Company filed a notification on Form N54a with the U.S. Securities and Exchange Commission, (the "SEC") indicating its election to be regulated as a business development company ("BDC") under the Investment Company Act of 1940 (the "1940 Act"). Under this election, the Company has adopted corporate resolutions to operate as a closed-end management investment company as a BDC. The Company has been organized to provide investors with an opportunity to participate, with a modest amount in venture capital, in investments that are generally not available to the public and that typically require substantially larger financial commitments. In addition, the Company provides professional management and administration that might otherwise be unavailable to investors if they were to engage directly in venture capital investing. The Company will operate as a non-diversified company as that term is defined in Section 5(b)(2) of the 1940 Act and will at all times conduct its business so as to retain its status as a BDC. The Company may not change the nature of its business so as to cease to be, or withdraw its election as, a BDC without the approval of the holders of a majority of its outstanding voting stock as defined under the 1940 Act.

As a BDC, the Company is required to invest at least 70% of its total assets in qualifying assets, which generally are securities of private companies or securities of public companies whose securities are not eligible for purchase on margin (which includes many companies with thinly traded securities that are quoted in the pink sheets or the NASD Electronic Quotation Service.) The Company may also offer to provide managerial assistance to these portfolio companies. Qualifying assets may also include:

- Cash,
- Cash equivalents,
- U.S. Government securities, or
- High-quality debt investments maturing in one year or less from the date of investment.

An eligible portfolio company generally is a United States company that is not an investment company and that:

- Does not have a class of securities registered on an exchange or included in the Federal Reserve Board's over-the-counter margin list;
- Is actively controlled by a BDC and has an affiliate of a BDC on its board of directors; or
- Meets such other criteria as may be established by the SEC.

The Company may invest a portion of the remaining 30% of its total assets in debt and/or equity securities of companies that may be larger or more stabilized than target portfolio companies.

BDC's are required to implement certain accounting provisions that are different from those to which other reporting companies are required to comply. These requirements may result in presentation of financial information in a manner that is more or less favorable than the manner permitted by other reporting companies. In connection with the implementation of accounting changes to comply with the required reporting of financial information, the Company must also comply with SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS 154").

Prior to May 23, 2005, the date the Company began operating as a BDC, the Company's only operations included ownership of marketable investment securities. The Company followed Financial Accounting Standard No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("FAS 115") for its marketable investment securities. The Company classified its marketable investment securities as trading securities, for which FAS 115 provides that unrealized holding gains and losses for trading securities shall be included in earnings. Since this method of accounting for investments is the same as the valuation method required when operating as a BDC, there is no cumulative effect recognition in the accompanying financial statements upon becoming an investment company. The Company has prepared its financial statements as if it had been a BDC from inception.

BDC's, as governed under the 1940 Act may not avail themselves of any of the provisions of Regulation S-B, including any of the streamlined reporting permitted thereunder.

- (4) **Investments in Affiliates and Non-Affiliates** - Pursuant to the requirements of the 1940 Act, our Board of Directors is responsible for determining, in good faith, the fair value of our securities and assets for which market quotations are not readily available. In making its determination, the Board of Directors will consider valuation appraisals provided by an independent valuation service provider, when considered necessary. Equity securities in public companies that carry certain restrictions on resale are generally valued at a discount from the market value of the securities as quoted on a national securities exchange or by a national securities association.

The Board of Directors bases its determination upon, among other things, applicable quantitative and qualitative factors. These factors may include, but are not limited to, type of securities, nature of business, marketability, market price of unrestricted securities of the same issue (if any), comparative valuation of securities of publicly-traded companies in the same or similar industries, current financial conditions and operating results, sales and earnings growth, operating revenues, competitive conditions and current and prospective conditions in the overall stock market.

Without a readily available market value, the value of our portfolio of equity securities may differ significantly from the values that would be placed on the portfolio if a ready market existed for such equity securities.

B. Investments

Investments at March 31, 2007 and December 31, 2006, may be summarized as follows:

	<u>2007</u>	<u>2006</u>
Investments at cost	\$ 2,067,917	\$ 2,137,089
Unrealized appreciation of investments, net	<u>95,453</u>	<u>208,381</u>
Fair value of investments	<u>\$ 2,163,400</u>	<u>\$ 2,345,470</u>

Investments are detailed on the Investment Schedules on pages 8 and 9, hereof. The valuations are determined by the Board of Directors based upon applicable quantitative and qualitative factors, discussed below.

Activity in investments during the three months ended March 31, 2007, is summarized as follows:

Investments at cost, December 31, 2006	\$ 2,137,089
Purchases	-
Cost of investments sold	(69,142)
Investments at cost, March 31, 2007	<u>\$ 2,067,947</u>

The Company is currently concentrating its efforts in packaging business investments for private equity groups. If completed, the Company expects to receive compensation through limited cost equity participation and/or cash management fees.

On November 21, 2006, the Company entered into an option agreement with Hooters of America, Inc. to purchase the right to open and operate Hooters restaurants in the Republic of South Africa. Negotiations are underway regarding a proposed development plan.

VALUATION OF INVESTMENTS

As required by the SEC's Accounting Series Release ("ASR") 118, the investment committee of the Company is required to assign a fair value to all investments. To comply with Section 2(a) (41) and Rule 2a-4 under the Investment Company Act of 1940 (the "1940 Act"), it is incumbent upon the Board of Directors to satisfy themselves that all appropriate factors relevant to the value of securities for which market quotations are not readily available have been considered and to determine the method of arriving at the fair value of each such security. To the extent considered necessary, the Board of Directors may appoint persons to assist them in the determination of such value and to make the actual calculations pursuant to the Board of Directors' direction. The Board of Directors must also, consistent with this responsibility, continuously review the appropriateness of the method used in valuing each issue of security in the Company's portfolio. The Directors must recognize their responsibilities in this matter and whenever technical assistance is requested from individuals who are not Directors, the findings of such individuals must be carefully reviewed by the Directors in order to satisfy themselves that the resulting valuations are fair.

No single standard for determining "fair value in good faith" can be established, since fair value depends upon the circumstances of each individual case. As a general principle, the current "fair value" of an issue of securities being valued by the Board of Directors would appear to be the amount that the owner might reasonably expect to receive for them upon their current sale. Methods that use this principle may, for example, be based on a multiple of earnings, or a discount from market of a similar freely traded security, or yield to maturity with respect to debt issues, or a combination of these and other methods. Some of the general factors that the Board of Directors should consider in determining a valuation method for an individual issue of securities include: 1) the fundamental analytical data relating to the investment, 2) the nature and duration of restrictions on disposition of the securities, and 3) an evaluation of the forces which influence the market in which these securities are purchased and sold. Among the more specific factors which are to be considered are: type of security, financial statements, cost at date of purchase, size of holding, discount from market value of unrestricted securities of the same class at time of purchase, special reports prepared by analysts, information as to any transactions or offers with respect to the security, existence of merger proposals or tender offers affecting the securities, price and extent of public trading in similar securities of the issuer or comparable companies and other relevant matters.

The Board of Directors has arrived at the following valuation method for its investments. Where there is not a readily available source for determining the market value of any investment, both because the investment is not publicly traded or is thinly traded and in absence of a recent appraisal, the value of the investment shall be based on the following criteria:

- Total amount of the Company's actual investment. This amount shall include all loans, purchase price of securities and fair value of securities given at the time of exchange.
- Total revenues for the preceding twelve months.
- Earnings before interest, taxes and depreciation.
- Estimate of likely sale price of investment.
- Net assets of investment.
- Likelihood of investment generating positive returns (going concern).

The estimated value of each investment shall be determined as follows:

- Where no or limited revenues or earnings are present, then the value shall be the greater of the investments: a) net assets, b) estimated sales price, or c) total amount of actual investment.
- Where revenues and/or earnings are present, then the value shall be the greater of one-times (1x) revenues or three-times (3x) earnings, plus the greater of the net assets of the investment or the total amount of the actual investment.
- Under both scenarios, the value of the investment shall be adjusted down if there is a reasonable expectation that the Company will not be able to recoup the investment or if there is reasonable doubt about the investment's ability to continue as a going concern.

Utilizing the foregoing method, the Company has valued its investments as follows:

NON-AFFILIATE INVESTMENTS

NON-INCOME PRODUCING INVESTMENTS

The Company's investments in Tandy Leather Factory, Inc. (AMEX: TLF) and Special Projects Group (Pink Sheets: SPLJ) are quoted as indicated. The Investment Committee and the Board of Directors valued each of these investments based on its closing price at the end of March 2007.

The Company made an investment in LFM Management, LLC, dba 1st Choice Mortgage in March 2006. This is a privately held consumer brokerage business which began operation at the end of March 2006. The Investment Committee and the Board of Directors valued this investment at its cost of \$250,000 at March 31, 2007.

The Company made an investment in EE Investors, LLC whose sole asset is a 16.2% interest in Bouncing Brain Production, LLC. This is a privately held inventor promotion company. Bouncing Brain has selected a number of inventions and expects results from their promotion to begin in 2007. The Investment Committee and the Board of Directors valued this investment at its cost of \$250,000 at March 31, 2007.

LOAN INVESTMENTS

The Company invested \$100,000 in notes and accounts receivable of Lifestyle Innovations, Inc. with a face value of approximately \$1,200,000 in June 2006. These obligations are expected to ultimately be converted into common stock. The Investment Committee and the Board of Directors valued this investment at its cost of \$100,000 at March 31, 2007.

The Company made a loan to Special Projects Group in July 2006 and the Investment Committee and the Board of Directors valued this investment at its cost of \$50,000 at March 31, 2007.

OIL AND GAS PROPERTY INVESTMENTS

The Company invested \$128,216 for a 37.5% working interest in two oil and gas wells located in Washington County, Oklahoma. The Investment Committee and the Board of Directors valued these two properties at \$225,000 based on an estimate of recoverable reserves provided by the operator of the wells.

AFFILIATE INVESTMENT

The Company formed Chanticleer Investors LLC ("CI LLC") at the end of March 2006. CI LLC's only asset is a 6%, convertible, \$5,000,000 loan to Hooters of America, Inc. Interest only is payable quarterly and accrued interest and principal is due May 24, 2009. The Company owns 23% of CI LLC and receives a management fee equal to 2% of the interest being paid on the loan. The remaining 4% of the interest is distributed to the investors, including the Company, quarterly. The investment is valued by the Investment Committee and the Board of Directors at its cost of \$1,150,000 at March 31, 2007.

C. Note Payable

The Company has a one-year line-of-credit with a bank in the amount of \$250,000 which matures on June 21, 2007. The loan is guaranteed by the Chief Executive Officer of the Company and is collateralized by all inventory, chattel paper, accounts, equipment and general intangibles of the Company. The loan has a balance of \$150,704 at March 31, 2007, and bears interest at 8.25% per annum.

D. Composition of Net Assets (Stockholders' Equity)

The Company has 200,000,000 shares of its \$0.0001 par value common stock authorized and 7,689,461 shares issued and outstanding at March 31, 2007. There are no warrants or options outstanding.

E. Related Party Transactions

On July 31, 2006, the Company formed Chanticleer Investors II, LLC ("Investors II"). Investors II began raising funds in January 2007 for the purpose of investing in publicly traded value securities. The Company has advanced \$15,444, which is included in accounts receivable, to Investors II for legal expenses.

In January 2007, the Company formed Chanticleer Advisors, LLC ("Advisors") as a wholly-owned subsidiary to manage Investors II, as well as other designated projects. Pursuant to Regulation S-X Rule 6, Advisors will not be consolidated with the Company.

During the three months ended March 31, 2007, the Company sold its investment in two securities to Investors II for \$21,775, which approximated market value on the transaction dates. The Company realized a profit of \$127 on the transactions.

F. Subsequent Event

On April 12, 2007, the Company filed an Offering Circular under Regulation E promulgated under the Securities Act of 1933 to raise up to \$5,000,000 by selling between 4,000,000 and 7,142,857 shares of its common stock at prices ranging between \$.70 and \$1.25 per share. As of May 9, 2007, the Company had sold 357,142 shares for \$250,000 pursuant to the offering.

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

The following discussion should be read in conjunction with our financial statements and notes thereto included elsewhere in this Form 10-Q. This Form 10-Q contains forward-looking statements regarding the plans and objectives of management for future operations. This information may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," "project" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and we cannot assure you that the projections included in these forward-looking statements will come to pass. Our actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors.

We registered our common stock on a Form 10-SB registration statement filed pursuant to the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 12(g) thereof. We filed with the Securities and Exchange Commission periodic and episodic reports under Rule 13(a) of the Exchange Act, including quarterly reports on Form 10-QSB and annual reports on Form 10-KSB until we became a BDC when we began filing reports on Form 10-Q and Form 10-K.

On May 23, 2005, we filed a notification on Form N54a with the U.S. Securities and Exchange Commission, (the "SEC") indicating our election to be regulated as a business development company (a "BDC") under the Investment Company Act of 1940 (the "1940 Act"). Under this election, we have adopted corporate resolutions to operate as a closed-end management investment company as a BDC. We have been organized to provide investors with an opportunity to participate, with a modest amount in venture capital, in investments that are generally not available to the public and that typically require substantially larger financial commitments. In addition, we provide professional management and administration that might otherwise be unavailable to investors if they were to engage directly in venture capital investing. We operate as a non-diversified company as that term is defined in Section 5(b)(2) of the 1940 Act and will at all times conduct our business so as to retain our status as a BDC. We may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC without the approval of the holders of a majority of our outstanding voting stock as defined under the 1940 Act.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Critical accounting policies are those that are both important to the presentation of our financial condition and results of operations and require management's most difficult, complex, or subjective judgments. Our most critical accounting policy relates to the valuation of our investments.

Pursuant to the requirements of the Investment Company Act of 1940 (the "1940 Act"), our Board of Directors is responsible for determining in good faith the fair value of our investments for which market quotations are not readily available. Although the securities of our portfolio companies may be quoted on the OTC Bulletin Board or the Pink Sheets, our Board of Directors is required to determine the fair value of such securities if the validity of the market quotations appears to be questionable, or if the number of quotations is such as to indicate that there is a thin or illiquid market in the security.

We determine fair value to be the amount for which an investment could be exchanged in an orderly disposition over a reasonable period of time between willing parties other than in a forced or liquidation sale. Our valuation policy considers the fact that no ready market may exist for substantially all of the securities in which we invest. Our investment policy is intended to provide a consistent basis for determining the fair value of the portfolio. We record unrealized depreciation on investments when we believe that an investment has become impaired, including where realization of an equity security is doubtful. We record unrealized appreciation if we believe that the underlying portfolio company has appreciated in value and, therefore, our equity security has also appreciated in value. The value of investments in publicly traded securities is determined using quoted market prices discounted for restriction on resale, if any.

Our equity interests in portfolio companies for which there is no liquid public market are valued using industry valuation benchmarks, and then the values could be assigned a discount reflecting the illiquid nature of the investment, as well as our minority, non-control position. When an external event such as a purchase transaction, public offering, or subsequent equity sale occurs, the pricing indicated by the external event is used to corroborate our valuation. The determined values are generally discounted to account for restrictions on resale and minority ownership positions.

The value of our equity interests in public companies for which market quotations are readily available is based on the closing public market price. Securities that carry certain restrictions on sale are typically valued at a discount from the public market value for the security.

Financial Condition

Our net assets were \$2,189,938 and \$2,413,389 at March 31, 2007, and December 31, 2006, respectively. Net asset value per share was \$.2848 at March 31, 2007, and \$.3139 at December 31, 2006.

We are currently concentrating our efforts in packaging business investments for private equity groups. If completed, we expect to receive compensation through limited cost equity participation and/or cash management fees.

On November 21, 2006, we entered into an option agreement with Hooters of America, Inc. to purchase the right to open and operate Hooters restaurants in the Republic of South Africa. Negotiations are underway regarding a proposed development plan.

On April 12, 2007, we filed an Offering Circular under Regulation E promulgated under the Securities Act of 1933 to raise up to \$5,000,000 by selling between 4,000,000 and 7,142,857 shares of our common stock at prices ranging between \$.70 and \$1.25 per share. As of May 9, 2007, we had sold 357,142 shares for \$250,000 pursuant to the offering.

Three months ended March 31, 2007 compared to March 31, 2006

Net increase (decrease) in net assets from operations amounted to a decrease of \$223,451 in 2007 as compared to an increase of \$40,898 in 2006.

Revenues increased from \$18,089 in 2006 to \$38,153 in 2007. The increase in 2007 is composed of the increase in income from affiliate investments of \$36,500 reduced by a decline in other net interest and dividend income of \$16,436. The investment in Chanticleer Investors LLC (the affiliate) was not fully funded until the second quarter of 2006.

Expenses during the three months ended March 31, 2007, were \$158,587 as compared to \$117,270 in the year earlier period. The increase in expenses is mainly the result of an increase in professional fees of \$37,382 and an increase of \$10,388 in travel and entertainment expenses. The increase in professional services is primarily due to increase investment advisory services. Travel and entertainment increased primarily due to increased travel costs associated with review of existing and potential investments.

Net realized and unrealized gains and losses consisted of a realized gain of \$9,911 and an unrealized depreciation of investments of \$112,928 for a net loss of \$103,017 in 2007 as compared to an realized gain of \$5,864 and an unrealized appreciation gain of \$134,215, for a net gain of \$140,079 in 2006.

The above factors resulted in a net decrease in net assets from operations per share of \$.0291 in 2007 as compared to a net increase in net assets from operations per share of \$.0053 in 2006.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices. We are primarily exposed to equity price risk. Equity price risk arises from exposure to securities that represent an ownership interest in our portfolio companies. The value of our equity securities and our other investments are based on quoted market prices or our Board of Directors' good faith determination of their fair value (which is based, in part, on quoted market prices). Market prices of common equity securities, in general, are subject to fluctuations, which could cause the amount to be realized upon sale or exercise of the instruments to differ significantly from the current reported value. The fluctuations may result from perceived changes in the underlying economic characteristics of our portfolio companies, the relative price of alternative investments, general market conditions and supply and demand imbalances for a particular security.

ITEM 4: CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the reports that are filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that are filed under the Exchange Act is accumulated and communicated to management, including the principal executive officer, as appropriate, to allow timely decisions regarding required disclosure. Under the supervision of and with the participation of management, including the principal executive officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of March 31, 2007, and, based on its evaluation, our principal executive officer has concluded that these controls and procedures are effective.

(b) Changes in Internal Controls

There have been no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation described above, including any corrective actions with regard to significant deficiencies and material weaknesses.

The Company commenced operations as a 1940 Act BDC in June 2005. As the new business plan is implemented, the Company expects to expand current internal controls.

PART II - OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

Not applicable.

ITEM 1A: RISK FACTORS

Not applicable.

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

None in current quarter.

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

Although the Company does not currently employ a Chief Financial Officer, Michael D. Pruitt, President and Chief Executive Officer, is also the principal accounting officer.

ITEM 6: EXHIBITS

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

Exhibit 31	Certification pursuant to 18 U.S.C. Section 1350 Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32	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: May 11, 2007

By: /s/ Michael D. Pruitt

Michael D. Pruitt,
Chief Executive Officer and
Chief Financial Officer

CHANTICLEER HOLDINGS, INC. FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2007
CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael D. Pruitt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chanticleer Holdings, Inc. (the registrant);
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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, is made known to me by others, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. I have disclosed, based on my most recent evaluation, 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 in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditor any material weaknesses in internal controls; 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; and
6. I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of my most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Michael D. Pruitt

Michael D. Pruitt
Chief Executive Officer and
Chief Financial Officer
May 11, 2007

CHANTICLEER HOLDINGS, INC. FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2007
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

I, Michael D. Pruitt, certify that

1. I am the Chief Executive Officer and Chief Financial Officer of Chanticleer Holdings, Inc.
2. Attached to this certification is Form 10-Q for the quarter ended March 31, 2007, a periodic report (the "periodic report") filed by the issuer with the Securities Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (the "Exchange Act"), which contains financial statements.
3. I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that
 - The periodic report containing the financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act, and
 - The information in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the issuer for the periods presented.

May 11, 2007

/s/ Michael D. Pruitt

Michael D. Pruitt
Chief Executive Officer and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by Chanticleer Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 even if the document with which it is submitted to the Securities and Exchange Commission is so incorporated by reference.