

Diamond Ranch Foods, Ltd., NEW  
Form 10KSB/A  
May 06, 2008

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

**FORM 10-KSB/A**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2007

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

Commission File Number 000-51206

**DIAMOND RANCH FOODS, LTD.**

(Name of small business issuer in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**20-1389815**

(I.R.S. Employer Identification No.)

**555 WEST STREET, NEW YORK, NY**

(Address of principal executive offices)

**10014**

(Zip Code)

Registrant's telephone number, including area code: **(212) 807-7600**

Securities registered under Section 12(b) of the Exchange Act: **None**

Act:

Securities registered under Section 12(g) of the Exchange Act: **Common stock, par value \$0.0001 per share**

Act:

(Title of Class)

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

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

State issuer's net revenues for its most recent fiscal year: \$12,750,457.

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 31, 2007 was approximately \$5,865,461 based upon the closing price of \$0.14 reported for such date on The OTC Bulletin Board.

As of March 31, 2007 the registrant had 68,896,150 outstanding shares of Common Stock.

Documents incorporated by reference: None.

Transitional Small Business Disclosure Format (Check one): Yes  No "

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Explanatory Note: This amendment to the Company's Form 10-KSB filed on June 29, 2007 for the fiscal year ended March 31, 2007 is being filed to include the audit report for the March 31, 2006 audit period from the Company's previous independent registered public accounting firm. In addition, Item 6. Management's Discussion and Analysis has been expanded, typographical errors in Item 10. Executive Compensation have been corrected, marketable securities in the Statements of Cash Flows have been reclassified to investing activities in accordance with paragraph 32 of SFAS No. 95 and the signature of the Company's principal accounting officer has been included under the signature section of this Form 10-KSB/A. All other items remain unchanged from the original filing.

## TABLE OF CONTENTS

### PART I

Item 1.	Description of Business	4
Item 2.	Description of Property	9
Item 3.	Legal Proceedings	9

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Item 4.	Submission of Matter to a Vote of Security Matters	9
PART II		
Item 5.	Market for Common Equity and Related Stockholder Matters	9
Item 6.	Management's Discussion and Analysis or Plan of Operation	10
Item 7.	Financial Statements	14
Item 8.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	14
Item 8A.	Controls and Procedures	14
Item 8B.	Other Information	14
PART III		
Item 9.	Directors and Executive Officers of the Registrant	15
Item 10.	Executive Compensation	17
Item 11.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	17
Item 12.	Certain Relationships and Related Transactions	18
Item 13.	Exhibits and Reports on Form 8-K	18
Item 14.	Principal Accountant Fees and Services	19

## **PART I**

### **ITEM 1. DESCRIPTION OF BUSINESS.**

Our company was incorporated, as Jerry's Inc., in the State of Florida on November 30, 1942. Prior to it ceasing its operations in 1998, the company catered airline flights and operated coffee shops, lounges and gift shops at airports and other facilities located in Florida, Alabama and Georgia. The company's airline catering services included the preparation of meals in kitchens located at, or adjacent to, airports and the distribution of meals and beverages for service on commercial airline flights. The company also provided certain ancillary services, including, among others, the preparation of beverage service carts, the unloading and cleaning of plates, utensils and other accessories arriving on incoming aircraft, and the inventory management and storage of airline-owned dining service equipment. After ceasing its operations in 1998, the company remained dormant until March of 2004 when we moved our domicile to Nevada and changed our name to Diamond Ranch Foods, Ltd.

We are engaged in the meat processing and distribution industry. Our operations consist of packing, processing, custom meat cutting, portion controlled meats, private labeling, and distribution of our products to a diversified customer base, including, but not limited to; in-home food service businesses, retailers, hotels, restaurants and institutions, deli and catering operators, and industry suppliers.

We became the distributor and processor of the "All American Hamburger" and other meat products through the acquisition of MBC Foods, Inc., a second-generation family owned business on May 1, 2004.

In addition to servicing our customers with a full line of fresh meats, we also produce private-labeled and "branded" hot dogs and meats for the Hebrew National(R) Deli line in the New York Metropolitan area, as well as private-label Sabrett(R) Hamburgers for Marathon Foods.

Our company is located at 555 West Street, New York, NY 10014.

### **HISTORY AND COMPANY DEVELOPMENT**

Our company was originally incorporated in the State of Florida in 1942 as Jerry's Inc. where the company catered airline flights and operated coffee shops, lounges and gift shops at airports and other facilities located in Florida, Alabama and Georgia. The company's airline catering services included the preparation of meals in kitchens located at, or adjacent to, airports and the distribution of meals and beverages for service on commercial airline flights. The company also provided certain ancillary services, including, among others, the preparation of beverage service carts, the unloading and cleaning of plates, utensils and other accessories arriving on incoming aircraft, and the inventory management and storage of airline-owned dining service equipment. Jerry's, Inc. ceased its operation in 1998 and remained dormant until March 2004 when we moved our domicile to Nevada and changed our corporate name to Diamond Ranch Foods, Ltd.

On May 1, 2004 we issued 31,607,650 restricted shares of common stock and acquired MBC Foods, Inc. For financial reporting purposes, the transaction was recorded as a reverse merger and shown on the Statement of Stockholders Equity as a net issuance of 25,692,501 shares.

We have undergone no bankruptcy, receivership or similar proceedings.

The cash flow from operations is sufficient to fund capital requirements. However, we will seek to raise additional capital through the sale of common stock to fund the expansion of our company. There can be no assurance that we

will be successful in raising the capital required and without additional funds we would be unable to expand our plant, acquire other companies, or exponentially increase our sales volume.

## **PRODUCTS AND SERVICES**

Our operations are centrally located in the Gansevoort district of New York City, which is located near our current client base and potential new customers.

### **Products**

We offer the following products, which we can prepare either fresh, frozen, or vacuum-packed:

#### **All-American Hamburger:**

We offer a proprietary-formulated hamburger called the All American Hamburger. Sizes range from 2 oz. to 12 oz. and come in round, oval, or square, as well as custom shapes.

#### **Hebrew National(R) Line**

Quality hot dogs  
Seasoned pastramis  
Corned Beef

#### **Fresh Meats**

Beef, including steaks, roasts and ribs Poultry  
Pork  
Veal Cutlets  
Lamb  
Gourmet cheeses, Oils and other food items

#### **Variety Meats**

Frog  
Quail, Rabbit  
Wild game (venison, boar, duck and more)

#### **Custom Cuts and Butchering**

Our butchers can process any meats as either traditional cuts or custom orders according to customer specifications. We specialize in timely delivery and service of such custom products, which can include steaks, chops and other meats, with selections from fresh or frozen packaging.

#### **Distribution**

Our fleet of refrigerated trucks delivers orders throughout the NY Metropolitan area. We can also ship anywhere from coast to coast via common carrier.

Our delivery truck fleet consists of eight (8) vehicles described as follows:

2006 and 2007 Mitsubishi FE180 Trucks  
2004 Mitsubishi FEHD Truck  
2002 UD Nissan 1400

**Equipment**

We lease or own a variety of meat processing equipment, including, but not limited to:

Band Saws  
Hamburger Formation Machines  
Overwrap Machines  
Stainless Steel Tables  
Digital Scales  
Pallet Jacks  
Platform Scales

All of the refrigeration equipment, a combination of approximately 10 compressor units contained within the premises, is owned by the Company.

### **Safety**

In order to meet the public's expectation for safe food produced in a competitive market environment, we safeguard our products to prevent food safety hazards by adhering to the USDA's Hazard Analysis of Critical Control Points (HACCP) system. Through the years, we have attempted to preserve our reputation and branded products by addressing the vital components of meat processing, such as sanitary plant conditions, regulated processing controls, observance of USDA inspections, and constant monitoring of procedures and standards to guarantee that our systems meet the increasing demands of our customers.

### **COMPETITION**

Our competition can be divided into two (2) primary categories. First, there are the large full line foodservice distributors, such as US Foodservice, Sysco Foods, DiCarlo Distributors, Landmark, and J. Kings. Second, there are the smaller independent jobbers.

Our advantages over the large foodservice distributors are as follows:

- 1) We have an USDA inspected facility with daily fresh custom cutting of all meats and daily fresh manufacturing of the All American Burger.
- 2) We make available daily deliveries with less stringent minimum order amounts. Many restaurants in the inner city do not have enough refrigerator or freezer storage space affording them a minimum of 2-3 deliveries per week.
- 3) We have the flexibility within our location for customers to make "last minute" call-in orders for the same day delivery or second same day deliveries for emergency situations. We have no cut-off times.
- 4) We purchase our raw product on a daily basis. This allows us to react much faster to fluctuation in market conditions whereby the larger foodservice houses cannot because of enormous inventories.
- 5) Our overall overhead is lower. The cost of our operations in proportion to our sales volume affords us the ability to be price competitive.

Our advantages over the small independent jobbers are as follows:

- 1) Since we operate an USDA inspected warehouse that enables us to custom cut and manufacture, we have the ability to eliminate the "middle man" in the chain of supply. We benefit with the additional gross profit because we also act as a supplier of our custom cut, manufactured goods to the independent jobber.
- 2) We have a facility to store inventory. This allows us to "buy in" during favorable market conditions and thus, be more price competitive.
- 3) The location of our facility allows us to satisfy last minute and emergency orders. Once the independent jobber vacates the "Meat Market" premises, he is incapable of filling any additional deliveries or providing service to his customers.



4) We have the ability to distribute to large retail accounts based on our USDA Inspection and Product Liability Insurance. We can offer private labeling and custom packaging to any retail chain.

## **CUSTOMERS**

There are no material contracts between the company and any of our customers. We operate an order/invoice method of operations. We have a broad and sizable customer base which does not leave us dependent on any one or even a few customers for revenue. Our largest customer comprises approximately 3.2% of our business, and our second largest comprises approximately 3.0%.

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Our customers include:

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TGI Friday's

Madison Square Garden

The Hilton Group

Sparks Steak House

Sheraton Hotels

## **RISK FACTORS**

An investment in our securities is highly speculative, involves a high degree of risk and is suitable only for investors with substantial means who can bear the economic risk of the investment for an indefinite period of time, have no need for liquidity of the investment, and have adequate means of providing for their current needs and contingencies. An investment in the securities should be made only by persons able to bear the risk in the event the investment results in a total loss.

### **1.) RISK OF LOSS OF INVESTMENT DUE TO HIGHLY COMPETITIVE NATURE OF OUR INDUSTRY.**

A majority of the meat packing industry is dominated by four multinational firms. Consolidation and low-cost labor have helped these firms dominate the U.S. industry. Labor cuts by these conglomerates have been due to a decline in unionization and increase in the use of immigrant workers. Potential customers may overlook the Company's products and services because of their inability to institute competitive pricing, availability, and favorable delivery methods as compared to those services provided by the dominant industry players.

### **2.) RISK OF DEPENDENCE ON KEY PERSONNEL.**

The Company is dependent on its present officers and directors, primarily Joseph Maggio, Chairman and CEO. The success of the company is dependent on Mr. Maggio and his management team. Should one or more of these individuals cease to be affiliated with the Company before acceptable replacements are found, there could be a material adverse effect on the Company's business and prospects. We depend substantially on the continued services and performance of our senior management and, in particular, their contracts and relationships, especially within the meat, poultry, and food businesses.

### **3.) RISK OF LOSS OF AVAILABILITY OF RAW MATERIALS.**

The success of the business is contingent on a variety of external factors, such as the availability of healthy livestock at reasonable market prices. The possible introduction of disease into the U.S. national cattle herd, whether unintentionally or as a terrorist act, has been a recent consideration by the Department of Homeland Security (DHS). The U.S. slaughters about 35 million head of cattle per year and is the world's largest beef producing country. Should serious disease occur, no matter how dangerous to human health, the results could be catastrophic to the U.S.

economy, as well as a possible cessation of business operations for an undetermined period of time.

4.) RISK OF ENVIRONMENTAL CONDITIONS AND BUSINESS CLIMATE.

We are a small to medium-sized processing facility, and we rely on custom manufacturing for area restaurants and growing niche markets of consumers desiring locally-produced foods for revenue. Customers rely on the consistency in both quantity and quality of the company's products and should that diminish in any way, they could seek products from the competition. Such a loss in sales could affect our revenues and our ability to continue operations.

5.) RISK RELATING TO CONTROLLING INTEREST OF INSIDERS/RISK OF NON-INDEPENDENT BOARD OF DIRECTORS

Our Board of Directors is not independent and our Directors and Officers beneficially own approximately 50.55% of our outstanding Common Stock. These insiders will be able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may also cause delay or prevent change in control even if it is beneficial to our shareholders.

6.) RISK OF FUTURE DILUTION

There are 68,896,150 shares of our common stock issued and outstanding as of June 21, 2007. All of our common stock is freely tradable except for shares beneficially owned by our "affiliates." We cannot be sure what effect, if any, future sales of our common stock, whether or not those sales come from the issuance, for sale, of additional shares or from stock owned by affiliates becoming free trading. Shareholders will experience dilution if the acquisition price per share is higher than the net tangible book value per share.

#### 7.) RISKS OF REDUCED LIQUIDITY OF "PENNY STOCKS."

The Securities and Exchange Commission has adopted regulations that generally define a "penny stock" as any equity security that has a market price of less than \$5.00 per share and that is not traded on a national stock exchange, NASDAQ or the NASDAQ National Market System. Now, or sometime in the future, penny stocks could be removed from NASDAQ or the NASDAQ National Market System or the securities may become subject to rules of the Commission that impose additional sales practice requirements on broker-dealers effecting transactions in penny stocks. In most instances, unless the purchaser is either (i) an institutional accredited investor, (ii) the issuer, (iii) a director, officer, general partner or beneficial owner of more than five percent (5 %) of any class of equity security of the issuer of the any stock that is the subject of the transaction, or (iv) an established customer of the broker-dealer, the broker-dealer must make a special suitability determination for the purchase of such securities and have received the purchaser's prior written consent to the transaction. Additionally, on any transaction involving a penny stock, the rules of the Commission require, among other things, the delivery, prior to the transaction, of a disclosure schedule prepared by the Commission relating to the penny stock market and the risks associated with investing in penny stocks. The broker dealer also must disclose the commissions payable to both the broker-dealer and registered representative and current quotations for the securities. Finally, among other requirements, monthly statements must be sent to the purchaser of the penny stock disclosing recent price information for the penny stock held in the purchaser's account and information on the limited market in penny stocks. Consequently, the penny stock rules may restrict the ability of broker dealers to sell the securities in any secondary market that may develop.

#### **GOVERNMENT APPROVAL & REGULATION**

We have filed Grants of Inspection with the U.S. Department of Agriculture and are approved to operate as an USDA certified meat processing establishment. We currently operate as establishment number "EST. 5099" as indicated inside the USDA mark of inspection displayed on all of our processed meat items and establishment number "EST. P-20622" for our processed poultry items. The USDA considers our business a "Small Plant" operation since we employ a staff of 20-500 personnel.

We adhere to the Hazard Analysis and Critical Control Point (HACCP) system established by the USDA and endorsed by the National Academy of Sciences and the National Advisory Committee on Microbiological Criteria for Foods. The HACCP approach is a system of checks and balances that focuses on identifying and preventing hazards from contaminating food, permits more efficient and effective government oversight on establishments and their compliance of food safety laws on a continuing basis, while placing responsibility on the food manufacturer or distributor for ensuring appropriate food safety.

We comply with the USDA Label Regulations on all packages, containers, and boxes used to transport any meat and/or poultry products; including, but not limited to: Product Name, Product Description, Ingredients, and Nutrition Facts Panel.

Furthermore, we must comply with the Standard Sanitation Operational Procedures (SSOP) that we have developed in accordance with the USDA to prevent direct contamination or adulteration of our products. The SSOPs are implemented and maintained on a daily basis and are relevant to the entire establishment and all shifts of operation. The SSOPs are signed and dated by the individual with overall authority on-site or a member of our management team and are verified for adherence by a USDA certified inspector.

We are a federally-recognized establishment, thus, inspections by a USDA certified inspector occur on a daily basis.

We are not subject to inspection by any city or state authority.

### **EMPLOYEES**

We currently have twenty (20) paid full-time employees. We assess employee relations to be exceptional. Mr. Maggio, our Chief Executive Officer, and the rest of the management team, devote one hundred percent (100%) of their professional time to running our company.

### **FURTHER INFORMATION**

As of the effective date of this Registration Statement we will be required to file certain reports with the Securities and Exchange Commission including Annual Reports (Form 10-KSB), Quarterly Reports (Form 10-QSB) and Current Reports (Form 8-K). A copy of our annual report will be provided to all shareholders and will include an audited balance sheet as of the end of the last fiscal year and audited income, cash flow and stockholders equity statements for the last two fiscal years.

Our shareholders and the public in general, may read and copy any materials we file at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Additionally, the SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers. The address of that site is <http://www.sec.gov>.

#### **ITEM 2. DESCRIPTION OF PROPERTY.**

We lease our operating facility from the City of New York on a month-to-month basis. The facility consists of 7,000 sq. ft. with two (2) loading docks on each side of the plant and a separate poultry section.

#### **ITEM 3. LEGAL PROCEEDINGS.**

We know of no material, active or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

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

None/Not applicable.

### **PART II**

#### **ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.**

Shares of the Company's common stock are quoted and traded from time to time on the OTC.BB with the trading symbol "DFDR."

The following table sets forth the high and low bid information for the Company's common stock for each quarter within the two fiscal years. The prices reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

Quarter Ending	Quarterly High	Quarterly Low
6/30/2005	\$0.22	\$0.09
9/30/2005	\$0.13	\$0.08
12/31/2005	\$0.25	\$0.063
3/31/2006	\$0.23	\$0.08

6/30/2006	\$0.40	\$0.12
9/30/2006	\$0.25	\$0.10
12/31/2006	\$0.179	\$0.06
3/31/2007	\$0.174	\$0.08

Secondary trading of our shares may be subject to certain state imposed restrictions.

The ability of individual shareholders to trade their shares in a particular state may be subject to various rules and regulations of that state. A number of states require that an issuer's securities be registered in their state or appropriately exempted from registration before the securities are permitted to trade in that state.

From time-to-time we may grant options or warrants, or promise registration rights to certain shareholders. We have no control over the number of shares of our common stock that our shareholders sell. The price of our common stock may be adversely affected if large amounts are sold in a short period of time.

Our shares most likely will be subject to the provisions of Section 15(g) and Rule 15g-9 of the Exchange Act, commonly referred to as the "penny stock" rule.

Section 15(g) sets forth certain requirements for transactions in penny stocks and Rule 15g-9(d)(1) incorporates the definition of penny stock as that used in Rule 3a51-1 of the Exchange Act.

The SEC generally defines penny stock to be any equity security that has a market price less than \$5.00 per share, subject to certain exceptions. Rule 3a51-1 provides that any equity security is considered to be a penny stock unless that security is: registered and traded on a national securities exchange meeting specified criteria set by the SEC; authorized for quotation on The NASDAQ Stock Market; issued by a registered investment company; excluded from the definition on the basis of price (at least \$5.00 per share) or the issuer's net tangible assets; or exempted from the definition by the SEC. Broker-dealers who sell penny stocks to persons other than established customers and accredited investors (generally persons with assets in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 together with their spouse), are subject to additional sales practice requirements.

For transactions covered by these rules, broker-dealers must make a special suitability determination for the purchase of such securities and must have received the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the first transaction, of a risk disclosure document relating to the penny stock market. A broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative, and current quotations for the securities. Finally, monthly statements must be sent to clients disclosing recent price information for the penny stocks held in the account and information on the limited market in penny stocks. Consequently, these rules may restrict the ability of broker-dealers to trade and/or maintain a market in our common stock and may affect the ability of shareholders to sell their shares.

As of June 21, 2007, there were approximately 540 holders of record of our common stock. This number does not include an indeterminate number of shareholders whose shares are held by brokers in street name.

#### **TRANSFER AGENT**

We have appointed Signature Stock Transfer, Inc., with offices at 2301 Ohio Drive, Suite 100, Plano, TX 75093, phone number 972-612-4120, as transfer agent for our shares of common stock. The transfer agent is responsible for all record-keeping and administrative functions in connection with the common shares and stock warrants.

#### **DIVIDEND POLICY**

We don't plan to pay dividends at this time or anytime soon. The board of directors will decide on any future payment of dividends, depending on our results of operations, financial condition, capital requirements, and any other relevant factors. However, we expect to use any future earnings for operations and in the business.

#### **RECENT SALES OF UNREGISTERED SECURITIES.**

None.

### **ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.**

#### **ANALYSIS OF OPERATIONS: 2007 AND 2006 RESULTS**

##### **SALES**



Our revenues from operations for the year ended March 31, 2007 were \$12,750,457 compared to \$12,815,011 in 2006 which was generated from the sale of our meat products and services. The slight decrease was due to reductions in sales to customers which were less profitable than our goals.

**COST OF SALES AND GROSS PROFIT**

Our cost of sales for the year ended March 31, 2007 was \$10,383,430, generating a gross profit of \$2,367,027. (18.56%).

Our gross profit has increased from 14.87% from the prior year ended March 31, 2006. Management expects gross profits to increase as revenues increase and the cost of sales decrease. The decrease in costs can be attributed to many factors, including, but not limited to better purchasing methods, better mix of product sales generating higher profits and better management control.

We have operated on the same margins with no changes in the types of products sold or services provided from one period to the next. We attribute our growth to new customers and sales accounts and a higher volume of products being sold through these means. The addition to our customer base was achieved by increased sales efforts made by our management team through standard marketing procedures, such as in-person sales visits and demonstrations and "warm" referrals through existing clientele. Increases in revenue can also be attributed to existing clients, who are responsible for managing multiple hotel and restaurant chains.

#### **GENERAL AND ADMINISTRATIVE**

Our Payroll expenses for the year ended March 31, 2007 was \$881,365, which was a decrease of \$66,504 over the amount of \$947,869 for the year ended March 31, 2006. This decrease is attributable to the payment of sales commissions rather than salaries as remuneration for our sales force.

Our Factoring expense for the year ended March 31, 2007 was \$374,182, which was an increase of \$57,184 from the amount of \$316,998 for the year ended March 31, 2006. This increase is attributable to the increased amount of factored receivables. Over the next 12 months we intend to collect accounts receivable at a faster rate keeping the factor's service fees at their lowest percentage level.

Our rent expense for the year ended March 31, 2007 was \$230,802, which was an increase of \$69,808 over the year ended March 31, 2006. Truck rentals increased from \$75,777 in 2006 to \$125,248 in 2007. We updated our fleet by adding six (6) new leased trucks and retiring several older vehicles. The new leases include full maintenance, which increases costs short-term but saves considerable expenditures on repairs over the long-term as the fleet ages. Building rent increased from \$82,000 in 2006 to \$96,000 in 2007. The \$14,000 increase is a result of paying NYC one additional month's rent of \$7,000, which was in arrears from the previous year and paying off-site freezer storage of \$7,000 for inventory which was purchased from Lehmann Meats in December 2006.

Our Sales Commission for the year ended March 31, 2007 was \$373,748, which was an increase of \$81,280 over the amount for the year ended March 31, 2006. This increase is attributable to the sales volume increases from our commissioned sales representatives. We anticipate sales commissions to increase between 3-5% as our sales continue to increase over the next 12 months.

General and Administrative costs increased to \$1,288,314 from \$646,423 mainly due to higher bank charges and fees, higher stock for services and bad debts for non factored receivables.

Utility expenses increased by \$95,245. In addition to energy costs increasing the following were expensed: \$20,117 in arrears billing was paid to Con Ed; an additional \$5,000 was paid to NYC Water as part of a payout for old billing; \$60,000 in disputed billing was posted from Strategic Energy.

Consulting fees increased by \$130,500 due to an updated agreement with Redwood Consultants, LLC. Company stock was used in this transaction.

Bank fees increased by \$60,978 from 2006 to 2007. The increase is due to increased bank activity and weaker bank balances, causing daily charges to cover and clear issued checks.

Insurance expenses increased by \$25,244 from 2006 to 2007. The increase is due to healthcare costs rising and additional employees being covered by healthcare. Increases in Worker's Compensation coverage added to the higher costs.

Interest expenses increased by \$28,563 from 2006 to 2007. These charges are due to larger outstanding loans payable by the Company.

Travel and entertainment expenses were increased by \$40,212 from 2006 to 2007. The majority of this increase is due to the strong push by management for additional sales.

Truck expenses increased by \$57,310 from 2006 to 2007. This increase consisted of additional truck repairs, truck insurance, tolls, parking and violations.

Telephone expenses increased by \$10,244, office supply expenses increased by \$10,112 and union expenses increased by \$15,317 from 2006 to 2007. These increases were due to additional salespeople and warehousemen on staff.

The Company began accepting credit card payments in 2007, which cost \$5,249 in credit card service charges.

Contract labor increased by \$42,300 for the year ended March 31, 2007. This offset a decrease in payroll of \$74,112.

Licenses, permits, freight and delivery expenses increased by \$4,249 during the year ended March 31, 2007.

Building repair expenses increased by \$55,988 and general maintenance increased by \$18,399 from 2006 to 2007.

## **PLAN OF OPERATION**

For the next twelve months we plan to operate the business using our current methods, which include borrowing and factoring. We are able to satisfy our cash requirements, material commitments, and applicable filing fees anticipated under our obligations of the Exchange Act.

We intend to continue using an invoice factoring company in the short-term and over the next 12 months to fund our accounts receivable. We expect to finalize an agreement with a purchasing agent which would provide better terms for purchasing of our goods which could substantially effect our gross profit in a positive way, enabling us to become profitable.

## **LIQUIDITY AND CAPITAL RESOURCES**

As of March 31, 2007, the Company had working capital of \$574,955. The Company's continued existence is dependent upon its ability to execute its operating plan, and to obtain additional debt or equity financing. There can be no assurance the necessary debt or equity financing will be available, or will be available on terms acceptable to the Company.

Management plans include acquiring existing businesses in our industry, evaluating and introducing new product lines, and obtaining financing to provide working capital. We are actively pursuing alternatives, although no firm commitments have been obtained. In the interim, shareholders have committed to meeting our operating expenses. Although management believes these efforts will be successful, there is no assurance any of these efforts will succeed.

The Company has been meeting its capital requirements through the sale of its Common Stock, Notes Payable, Factoring of Receivables, and Related Party Loans.

For the twelve months ended March 31, 2007, the Company's cash used in operating activities totaled \$580,040. Cash used in investing activities was \$2,539,740, and cash provided by financing activities was \$2,539,183.

The company has also consolidated its sales and marketing force and implemented a commission-based sales force tied to performance. The company plans to augment its current growth by identifying strategic regional acquisition targets with strong local and regional brand recognition.

## **ACQUISITIONS**

We will need to raise additional funds should management decide to acquire existing like-minded businesses. Certain candidates have been identified however no definitive agreements exist. We have targeted several businesses for acquisition in New York City. We would acquire 100% of the stock and operations of these entities, including, without limitation, all rights, title know-how, assignment of property leases, equipment, furnishings, inventories, processes, trade names, trademarks, goodwill, and other assets of every nature used in the entities' operations.

All of the facilities that may be acquired are centrally located within the historic Gansevoort market in lower Manhattan, thus affording the company the ability to take advantage of the economies of scale for delivery, purchasing, and other daily operating responsibilities.

If we were successful in raising funds through the sale of our common stock, and will be able to enter into negotiations for the purchase of any and/or all of the selected businesses, initially no changes in day-to-day operations in any acquired facilities would be necessary.

No negotiations have taken place, and no contracts have been entered into, to purchase any such businesses described herein. We assume that if such purchase(s) were to be completed, additional funds would be required to renovate the existing facilities, as well as improve or replace machinery as prescribed by the existing landlord or pursuant to USDA regulation.

We expect to become profitable within the next twelve months based on our current growth trend. If sales continue to increase, we may elect to purchase/lease one (1) or more pieces of new equipment depending on inflated product demand. However, no new equipment is necessary to satisfy current operations or anticipated sales order increases within the next twelve months.

We do not anticipate hiring new paid full-time employees within the next twelve months. However, we would consider hiring commission-based salespeople should the opportunity arise.

## **TRENDS**

Although restaurant menus follow public consumption trends, the Company supplies a wide variety of specialty products and cuts to its customers. The selection of value-added products can be adjusted to consumer trends very easily. These items typically produce higher margin returns. The Company inventories many products, so if beef preferences increase and poultry preferences decrease, Company sales would shift by item but remain stable by volume. The Company would preserve its financial condition should public consumption trends change by adjusting its inventory and buying cycles.

Management has perceived a variety of recent trends that have had a material impact on our current revenues and our projected revenues for the coming quarters. Meat consumption has dramatically increased overall due to dieting habits; most famously known is The Atkins Diet, as well as other diets, that emphasize high-protein, low-carbohydrate intake. These diets suggest eating meats, including red, instead of high carbohydrate foods, and specifically recommend avoiding refined carbohydrates. High protein consumption has become a part of American culture, more than a societal tendency, in that in order to meet increasing customer requests for low-carb type items, one of our customers, TGI Friday's, has become an Atkins Nutritional Approach partner by featuring a selection of Atkins-approved menu items. We consider that the market research conducted by this customer was ample to effectuate such a menu change and concurs with our perception that the demand for beef, poultry, and other meats is a continuing and upwards trend. We substantiate the same claims through our own customers' purchasing trends which are evidenced by our increased revenues. The marketplace also indicates that poultry consumption is rising steadily. In order to maximize this trend, we are expanding our pre-cooked poultry offerings to all food providers, as well as those without full-service cooking establishments. Aside from the lack of a cooking facility, many purveyors seek pre-cooked poultry for safety reasons since these products offer a significantly low safety risk at causing bacterial cross-contamination. We offer pre-cooked items currently, and feel that making the investment to market these products under own branded name will increase our revenue due to heightened product awareness and our reputation for quality-conscious production methods.

## **OFF-BALANCE SHEET ARRANGEMENTS**

We have no off-balance sheet arrangements.

## **GOING CONCERN OPINION BY COMPANY AUDITOR**

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustment relating to recoverability and classification of recorded amounts of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company has incurred a net loss for the years ended March 31, 2007 and 2006. These conditions raise substantial doubt as to the Company's ability to continue as a going concern.

The Company's continued existence is dependent upon its ability to execute its operating plan and to obtain additional debt or equity financing. There can be no assurance the necessary debt or equity financing will be available, or will be available on terms acceptable to the Company.

Management plans include acquiring additional meat processing and distribution operations and obtaining additional financing to fund payment of obligations and to provide working capital for operations and to finance future growth. The Company is actively pursuing alternative financing and has had discussions with various third parties, although no firm commitments have been obtained. In the interim, shareholders of the Company have committed to meeting its operating expenses. Management believes these efforts will generate sufficient cash flows from future operations to pay the Company's obligations and realize other assets. There is no assurance any of these transactions will occur.

Management does not consider our auditor's going concern opinion problematic because we have evaluated operating practices during the years ended 2007 and 2006, and have made modifications to our present-day operations accordingly. We feel our attempts to be more efficient have proven viable since our cost of sales for the year ended March 31, 2007 have decreased compared to those for the year ended March 31, 2006. With a continuous increase in revenues and the continued implementation of stringent purchasing controls, we believe further increases in gross profit will occur, leading to a reduced net loss, with net profit to ultimately follow. We anticipate this trend to continue, however, if a downturn in revenues should occur, or cost of goods increased due to factors outside our control, and operating expenses were unable to be paid through cash flow from operations, our executive officers have committed to contribute capital, or waiver their salaries to offset these expenses.

We intend to expand our business primarily through acquisitions, which would require obtaining debt or equity financing as is indicated in our auditor's going concern opinion. In preparation for such expansion, we have engaged in several substantive discussions with prospective equity investors. Although no terms have been finalized or contracts signed, several investors have showed strong interest in funding our business. We expect to raise capital either through a debt or equity transaction, despite our negative cash flows because the terms of the capital raise would be subject and pursuant to the merit of each acquisition candidate. The acquisitions contemplated are all profitable companies and are engaged in a similar business so economies of scale will also allow our company, as the parent company, to benefit from the elimination of negative cash flow due to the incorporation of the acquisition into our business. Favorable financing terms would consist of a convertible debenture with an interest rate in the range of 6-8%. We would insist on a fixed conversion price converting the debt into common stock at a par with the current market price or at a premium to it.

#### **ITEM 7. FINANCIAL STATEMENTS**

Our financial statements for the fiscal years ended March 31, 2007 have been examined to the extent indicated in their reports by Gruber & Company LLC, independent certified public accountants. The financial statements have been prepared in accordance with generally accepted accounting principles, pursuant to Regulation S-B as promulgated by the SEC, and are included herein beginning immediately preceding the signature page to this report.

#### **ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

During the current fiscal year we changed auditors to Gruber & Company LLC. The move was approved by our Board of Directors. There were no disagreements with our previous auditors.

#### **ITEM 8A. CONTROLS AND PROCEDURES**

Management is responsible for establishing disclosure controls and procedures to ensure adequate internal control over financial reporting. To that extent we have established the following framework in-order-to evaluate the internal control.

Each department head is responsible for meeting with and reporting to the management executive in charge of that department. All financial data in the report presented must have supporting data, such as invoices, receipts for bills paid and copies of payments received. The management executive repeats this process in meetings with the Chief Executive Officer and Chief Financial Officer who, in turn, document the financial reporting data to the auditors.

Based on their evaluation at the end of the period covered by this report, the Chief Executive Officer and Chief Financial Officer of our company have concluded that we have complied with the disclosure controls and procedures



as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. After applying the procedures outlined herein we find no material weakness in our internal control procedures. As a result we have concluded that our disclosure controls and procedures are effective in ensuring that the information disclosed in the reports filed by our company are complete and accurate.

There were no significant changes in our internal control over financial reporting during the reporting period that materially affected, or that is reasonably likely to materially affect, our internal control procedures.

**ITEM 8B. OTHER INFORMATION**

None/Not Applicable.

**PART III**

**ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS;  
COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.**

The following table sets forth certain information regarding our current directors and executive officers:

<b><u>Name</u></b>	<b><u>Age</u></b>	<b><u>Position</u></b>
Joseph Maggio	49	Chairman and Chief Executive Officer
Louis Vucci, Jr.	38	President and Director
Philip Serlin	65	Chief Operations Officer and Director
William DeMarzo	50	Chief Financial Officer

**Joseph Maggio, Chairman, Chief Executive Officer, Director**

Mr. Joseph Maggio has been our Chairman, CEO, and Director since March 8, 2004. Prior to this date, Mr. Maggio was employed by MBC Foods, Inc. as a purchasing agent, salesman, and manager of plant employees.

Mr. Maggio devotes 100% of his time as our Chairman and Chief Executive Officer.

**Louis Vucci, Jr., President, Director**

Mr. Louis Vucci, Jr. has been our President and Director since March 8, 2004. Since 1990, Mr. Vucci was President of Vucci Foods, Inc., a meat distribution company, whose operations were integrated into MBC Foods, Inc. in 2003. Mr. Vucci specialized in sales account management and expansion.

Mr. Vucci devotes 100% of his time as our president.

**Philip Serlin, Chief Operations Officer, Director**

Mr. Philip Serlin has been our Chief Operations Officer and Director since March 8, 2004. Mr. Serlin became the Chief Operations Officer of MBC Foods, Inc. in 1999 after he integrated his company, PHS Ship Supply Corp., a hamburger and chop meat processing company, into the operations of MBC Foods, Inc.

Mr. Serlin devotes 100% of his time as Chief Operations Officer.

**William DeMarzo, Chief Financial Officer**

Mr. William DeMarzo has been our Chief Financial Officer since March 8, 2004. Prior to this date, Mr. DeMarzo was employed by MBC Foods, Inc. since 1986 where he worked in the capacity of Controller.

Mr. DeMarzo holds a B.B.S. in Finance and an M.B.A. in Marketing and Management.

Mr. DeMarzo devotes 100% of his time as our Chief Financial Officer.

**DIRECTOR COMPENSATION**

Three (3) of our directors are also employees, but are not compensated for their duties performed as directors.

**TERM OF OFFICE**

The directors named above will serve until the next annual meeting of our shareholders. In absence of an employment agreement, officers hold their positions at the satisfaction of the Board of Directors.

## **FAMILY RELATIONSHIPS**

The familial relationships existing between the directors and officers are as follows:

1. William DeMarzo, Chief Financial Officer is the brother-in-law of Joseph Maggio, Chairman, CEO, and Director .

## **INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

None of our directors or executive officers has, during the past five years,

1. had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer, either at the time of the bankruptcy or within two years prior to that time,
2. been convicted in a criminal proceeding and none of our directors or executive officers is subject to a pending criminal proceeding,
3. been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, futures, commodities or banking activities, or
4. been found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

## **AUDIT COMMITTEE FINANCIAL EXPERT**

The Company's board of directors does not have an "audit committee financial expert," within the meaning of such phrase under applicable regulations of the Securities and Exchange Commission, serving on its audit committee. The board of directors believes that all members of its audit committee are financially literate and experienced in business matters, and that one or more members of the audit committee are capable of (i) understanding generally accepted accounting principles ("GAAP") and financial statements, (ii) assessing the general application of GAAP principles in connection with our accounting for estimates, accruals and reserves, (iii) analyzing and evaluating our financial statements, (iv) understanding our internal controls and procedures for financial reporting; and (v) understanding audit committee functions, all of which are attributes of an audit committee financial expert. However, the board of directors believes that there is not any audit committee member who has obtained these attributes through the experience specified in the SEC's definition of "audit committee financial expert." Further, like many small companies, it is difficult for the Company to attract and retain board members who qualify as "audit committee financial experts," and competition for these individuals is significant. The board believes that its current audit committee is able to fulfill its role under SEC regulations despite not having a designated "audit committee financial expert."

## **COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT**

The Company does not have a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934. Accordingly, the Company's executive officers and directors and persons who own more than 10% of its equity securities are not subject to the beneficial ownership reporting requirements of Section 16(a) of that Act. However, although not required, certain of such persons do file beneficial ownership reports with the Securities and Exchange Commission.

To the best of our knowledge and based solely upon our review of the reports filed and submitted to the Company during the fiscal year ended March 31, 2007, the Company believes that all reports were timely filed by such persons.

**ITEM 10. EXECUTIVE COMPENSATION.**

The following table provides certain summary information concerning the compensation earned by the named executive officers for the year ended March 31, 2007, for services rendered in all capacities to Diamond Ranch Foods, Ltd.:

Name & Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Joseph Maggio									
Chairman and CEO	\$129,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	\$129,000
Louis Vucci, Jr.									
President	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Philip Serlin									
COO	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
William DeMarzo									
CFO	\$49,500	-0-	-0-	-0-	-0-	-0-	-0-	-0-	\$49,500

We do not have a long term incentive plan or arrangement of compensation with any individual in the group of officers and directors.

**EMPLOYMENT AGREEMENTS**

None of our executive officers has an employment agreement with us.

**STOCK OPTION GRANTS AND EXERCISES**

We granted no stock options to any of our officers or directors.

**ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.**

The following table sets forth, as of February 3, 2006, information regarding the beneficial ownership of our common stock with respect to each of our executive officers, each of our directors, each person known by us to own beneficially more than 5% of the common stock, and all of our directors and executive officers as a group. Each individual or entity named has sole investment and voting power with respect to shares of common stock indicated as beneficially owned by them, except where otherwise noted.



Name and Address <sup>(1)</sup>	Number of Shares Beneficially Owned <sup>(2)</sup>	Class	Percentage Beneficially Owned <sup>(2)</sup>
Joseph Maggio Chairman and Chief Executive Officer	11,200,000	Common	%
Louis Vucci, Jr. President and Director	13,800,000	Common	%
Philip Serlin Chief Operations Officer and Director	1,000,000	Common	%
William DeMarzo Chief Financial Officer	1,000,000	Common	%
All Officers and Directors as a group (4 in number)	27,000,000	Common	%

(1) Unless otherwise stated, the address of all persons is 555 West Street, New York, NY 10014.

(2) The information contained in this table with respect to beneficial ownership reflects "beneficial ownership" as defined in Rule 13d-3 under the Exchange Act. All information with respect to the beneficial ownership of any shareholder has been furnished by such shareholder and, except as otherwise indicated or pursuant to community property laws, each shareholder has sole voting and investment power with respect to shares listed as beneficially owned by such shareholder. Pursuant to the rules of the Commission, in calculating percentage ownership, each person is deemed to beneficially own shares subject to options or warrants exercisable within 60 days of the date of this Filing, but shares subject to options or warrants owned by others (even if exercisable within 60 days) are deemed not to be outstanding.

## CHANGES IN CONTROL

We are unaware of any contract or other arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company. Presently in the by-laws there are no provisions that could delay a change in control of the Company.

## ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As of March 31, 2007, shareholders have advanced the Company \$272,554 payable on demand and do not carry an interest rate. This transaction has been recorded in the accompanying financial statements as subordinated Debt

As of March 31, 2007, we have an outstanding note payable to Berkshire Capital Management Co., Inc., a shareholder, in the amount of \$1,651,000. The note is payable in lump-sum including interest at 5% on September 30, 2009. Interest on the notes began accruing on September 30, 2004. We considered the terms of this loan to be more beneficial than any other loans that might have been available from third parties at that time.

To the best of our knowledge, there are no other transactions involving any Director, Executive Officer, any nominee for election as a Director or Officer, or any 5% shareholder who is a beneficial owner or any member of the immediate family of the same.

**ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K**

**Exhibits Required by Item 601 of Regulation S-B:**

3.1 Articles of Incorporation - Previously filed.

3.2 Corporate Bylaws - Previously filed.

99(a) Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. - Filed herewith.

99(b) Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. - Filed herewith.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES & SERVICES.**

The following is a summary of the fees billed to us by Robison, Hill & Company, our principal accountant, for professional services rendered during 2007 and 2006:

Services	2007	2006
Audit Fees	\$ 10,000	\$ 15,000
Audit-Related Fess	-	-
Tax Fees	-	-
Total	\$ 10,000	\$ 15,000

**AUDIT FEES.** Consist of fees billed for professional services rendered for the audits of our consolidated financial statements included in our annual report, reviews of our interim consolidated financial statements included in quarterly reports, other services performed in connection with filings with the Securities and Exchange Commission and related comfort letters and other services that are normally provided by Robison, Hill & Company in connection with statutory and regulatory filings or engagements.

**TAX FEES.** Consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance and consultation in connection with various transactions and acquisitions.

**ALL OTHER FEES.** Consist of fees billed for products and services provided by the principal accountant other than Audit Fees, Audit-Related Fees and Tax Fees.

**DIAMOND RANCH FOODS, LTD.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2007 AND 2006**

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**C O N T E N T S**

Reports of Independent Registered Public Accounting Firm

F-3

Balance Sheets

F-5

Statements of Operations

F-6

Statements of Comprehensive Income

F-7

Statements of Stockholders' Equity

F-8

Statements of Cash Flows

F-9

Notes to the Financial Statements

F-10

**ROBISON, HILL & CO.  
A PROFESSIONAL  
CORPORATION**

**Certified Public Accountants**

BRENT M. DAVIES, CPA  
DAVID O. SEAL, CPA  
W. DALE WESTENSKOW, CPA  
BARRY D. LOVELESS, CPA  
STEPHEN M. HALLEY, CPA

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

To the Board of Directors and Shareholders

Diamond Ranch Foods, Ltd.

We have audited the accompanying balance sheet of Diamond Ranch Foods, Ltd. as of March 31, 2006, and the related statements of income, stockholders equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diamond Ranch Foods, Ltd. as of March 31, 2006 and the results of its operations and its cash flows for the year ended March 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operation and has a net capital deficiency as of March 31, 2006 that together raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result from the outcome of this uncertainty.

W. Robison Hill & Co.

Certified Public Accountants

Salt Lake City, Utah

MEMBERS OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF THE SEC PRACTICE SECTION and THE PRIVATE COMPANIES PRACTICE SECTION

1366 East Murray-Holladay Road, Salt Lake City, Utah 84117-5050

August 9, 2006

F-3

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF DIAMOND RANCH FOODS, LTD.

We have audited the accompanying balance sheet of Diamond Ranch Foods, Ltd. as of March 31, 2007 and the related statements of operations, comprehensive loss, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diamond Ranch Foods, Ltd. as of March 31, 2007 and the results of its' operations and its' cash flows for the year ended March 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in note 1 to the financial statements, the Company has suffered recurring losses from operations that raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty.

Gruber & Company, LLC  
Lake Saint Louis, Missouri  
June 24, 2007



**DIAMOND RANCH FOODS, LTD.****BALANCE SHEETS**

	<b>March 31,</b>		
<b>ASSETS:</b>	<b>2007</b>		<b>2006</b>
Current Assets:			
Marketable Securities	\$ 1,320,690	\$	-
Accounts Receivable Factored	1,233,231		1,226,684
Accounts Receivable-Non Factored (Net)	27,321		427,710
Inventory	121,786		169,827
Prepaid Expenses	202,353		140,000
Total Current Assets	2,905,381		1,964,221
Fixed Assets - Net	218,384		308,669
Other Assets:			
Cash Exchange	-		6,500
Deposits	3,335		11,800
Total Other Assets	3,335		18,300
Total Assets	\$ 3,127,100	\$	2,291,190
<b>LIABILITIES &amp; STOCKHOLDERS'</b>			
<b>EQUITY</b>			
Current Liabilities:			
Bank Overdraft	\$ 493,021	\$	211,915
Accounts Payable and Accrued Expenses	888,100		1,518,979
Factoring Line of Credit	917,926		1,406,645
Exchange Note	-		240,000
Notes Payable	19,314		107,303
Capital Lease Obligation	12,065		9,959
Total Current Liabilities	2,330,426		3,494,800
Non-current Liabilities:			

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Capital Lease Obligation	6,077	18,228
Shareholder Loans	1,651,000	971,000
Interest Payable	128,943	58,925
Total Long Term Liabilities	1,786,020	1,048,152
TOTAL LIABILITIES	4,116,446	4,542,953
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred Stock, authorized 20,000,000 shares, par value \$.0001, 0 shares issued and outstanding as of March 31, 2007 and March 31, 2006	-	-
Common Stock, authorized 500,000,000 shares, \$0.0001 par value \$.0001, 68,896,150 and 57,696,150 shares issued and outstanding as of March 31, 2007 and March 31, 2006	6,890	5,769
Additional Paid-In Capital	3,937,389	1,116,634
Subordinated Debt	272,554	492,100
Other Comprehensive Loss	(360,745)	-
Retained (Deficit)	(4,845,434)	(3,866,266)
Total Stockholders' (Deficit)	(989,346)	(2,251,763)
Total Liabilities and Stockholders' Deficit	\$ 3,127,100	\$ 2,291,190

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



**DIAMOND RANCH FOODS, LTD**  
**STATEMENTS OF OPERATIONS**

	March 31,	
	2007	2006
Revenues	\$ 12,750,457	\$ 12,815,011
Cost of Goods Sold	10,383,430	10,899,404
Gross Profit	\$ 2,367,027	\$ 1,915,607
Expenses:		
Payroll	881,365	947,869
Factoring Fee	374,182	316,998
Rent Expense	230,802	161,994
Depreciation & Amortization	89,729	89,347
General & Admin.	1,289,314	646,423
Sales Commission	373,748	292,468
Total Expenses	\$ 3,239,140	\$ 2,455,099
Net (Loss) from Operations	(872,113)	(539,492)
Other Income (Expense):		
Interest Income	15,040	-
Realized Loss on Securities	(35,570)	-
Interest Expense	(86,525)	(57,962)
Net Income (Loss)	\$ (979,168)	\$ (597,454)
Basic & Diluted (Loss) Per Share	\$ (0.02)	\$ (0.01)
Weighted Avg. Shares Outstanding	63,530,397	56,697,592

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

**DIAMOND RANCH FOODS, LTD**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>March 31,</b>	
	<b>2007</b>	<b>2006</b>
Net Loss	\$ (979,168)	\$ (597,454)
Unrealized Loss on Securities	(360,745)	-
Comprehensive Loss	\$ (1,339,913)	\$ (597,454)

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

**DIAMOND RANCH FOODS, LTD**  
**Statements of Stockholders' Equity**

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Deficit)	Sub Debt
	Shares	Amount	Shares	Amount			
Balance, April 1, 2005	-	\$ -	56,621,150	\$ 5,662	963,992 \$	(3,268,812) \$	492,100
Shares issued in exchange for settlement of account payable	-	-	75,000	7	12,742	-	-
Shares issued for services	-	-	1,000,000	100	139,900	-	-
Net Loss	-	-	-	-	-	(597,454)	-
Balance, March 31, 2006	-	-	57,696,150	5,769	1,116,634	(3,866,266)	492,100
Shares issued for cash	-	-	8,950,000	896	830,104	-	-
Shares issued for services	-	-	2,250,000	225	197,275	-	-
Reduction of debt	-	-	-	-	-	-	(219,546)
Shareholder Contribution	-	-	-	-	1,793,376.00	-	-
Net Loss	-	-	-	-	-	(979,168)	-
Balance, March 31, 2007	-	\$ -	68,896,150	\$ 6,890	3,937,389 \$	(4,845,434) \$	272,554
Other Comprehensive Income							

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

**DIAMOND RANCH FOODS, LTD**  
**STATEMENTS OF CASH FLOWS**

	For the year ended	
	March 31,	
	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	\$ (979,168)	\$ (597,454)
Adjustments to reconcile net loss to net cash		
Provided by operating activities		
Depreciation and Amortization	89,729	89,347
Other comprehensive loss	(360,745)	-
(Increase) Decrease in Inventory	48,041	(5,918)
(Increase) Decrease in Accounts Receivable	393,842	(346,295)
(Increase) Decrease in Deposits and Prepaids	(47,388)	(136,500)
Stock Issued in Exchange for Services	197,500	107
(Decrease) Increase in Accounts Payable and Accrued Expenses	(630,879)	261,559
(Decrease) Increase in reclass of AP to Notes Payable (Brooks)	-	107,303
(Decrease) Increase in Interest Payable	70,018	47,811
Net Cash Used in Operating Activities	(1,219,050)	(580,040)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Changes in Marketable Securities	(1,320,690)	-
Equipment Net	557	(57,644)
Net Cash Used in Investing Activities	(1,320,133)	(57,644)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on Capital Lease Obligation	(10,045)	(11,037)
Factoring Payable	(488,719)	60,552



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Shareholder Loans	680,000	552,400
Payments on Notes Payable	(327,989)	-
Payments on Related Party Debt	(219,546)	-
Stock Issued in Exchange for Cash	831,000	-
Contribution of Capital from Stockholders	1,793,376	152,642
Bank Overdraft	281,106	(116,873)
Net Cash Used in Investing Activities	2,539,183	637,684
Net (Decrease) Increase in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at Beginning of Period	-	-
Cash and Cash Equivalents at End of Period	\$ -	\$ -

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:

Interest	\$ -	\$ -
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SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Stock issued for services	\$ 197,500	\$ -
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The accompanying notes are an integral part of these financial statements.

**DIAMOND RANCH FOODS, LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2007 AND MARCH 31, 2007**

**NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN**

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustment relating to recoverability and classification of recorded amounts of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company has incurred a net loss for the year ended March 31, 2007 and has a negative equity. These conditions, among others, raise substantial doubt as to the Company's ability to continue as a going concern.

The Company's continued existence is dependent upon its ability to execute its operating plan and to obtain additional debt or equity financing. There can be no assurance the necessary debt or equity financing will be available, or will be available on terms acceptable to the Company.

Management plans include acquiring additional meat processing and distribution operations and obtaining additional financing to fund payment of obligations and to provide working capital for operations and to finance future growth. The Company is actively pursuing alternative financing and has had discussions with various third parties, although no firm commitments have been obtained. In the interim, shareholders of the Company have committed to meeting its operating expenses. Management believes these efforts will generate sufficient cash flows from future operations to pay the Company's obligations and realize other assets. There is no assurance any of these transactions will occur.

**Organization and Basis of Presentation**

The Company was incorporated under the laws of the State of Florida on November 30, 1942 under the name Jerry's Inc. The Company ceased all operating activities during the period from January 1, 1998 to March 8, 2004 and was considered dormant. On March 8, 2004 the Company changes its domicile to the State of Nevada. On March 30, 2004, the company changed its name to Diamond Ranch Foods, Ltd.

On May 1, 2004, the shareholders of the Diamond Ranch Foods, Ltd. (formerly Jerry's Inc.) completed a stock purchase agreement with MBC Foods, Inc., a Nevada corporation. The merger was accounted for as a reverse merger, with - MBC Foods, Inc. being treated as the acquiring entity for financial reporting purposes. In connection with this merger, Diamond Ranch Foods, Ltd. (formerly Jerry's Inc.) issued 31,607,650 shares of common stock for the acquisition of MBC Foods, Inc. which was recorded as a reverse merger and shown on the Statement of Stockholders Equity as a net issuance of 25,692,501 shares.

For financial reporting purposes, MBC Foods, Inc. was considered the new reporting entity.

**Nature of Business**

The Company is a meat processing and distribution company located in the historic Gansevoort "meatpacking district" in lower Manhattan, NY. The Companies operations consist of packing, processing, labeling, and distributing products to a customer base, including, but not limited to; in-home food service businesses, retailers, hotels, restaurants, and institutions, deli and catering operators, and industry suppliers.

**NOTE 2 - SUMMARY OF ACCOUNTING POLICIES**

This summary of accounting policies for Diamond Ranch Foods, Ltd. is presented to assist in understanding the Company's financial statements. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

### Use of Estimates

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the balance sheet and statement of operations for the year then ended. Actual results may differ from these estimates. Estimates are used when accounting for allowance for bad debts, collect ability of accounts receivable, amounts due to service providers, depreciation and litigation contingencies, among others.

F-10

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### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

### Revenue Recognition

The Company derives its revenue from the sale of meat products, and the revenue is recognized when the product is delivered to the customer.

### Concentration of Credit Risk

The Company has no significant off-balance sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements.

### Fixed Assets

Fixed assets are recorded at cost. Major renewals and improvements are capitalized, while maintenance and repairs are expensed when incurred. As of March 31, 2007, depreciation is computed as follows:

	Cost	Method	Life	Accumulated Depreciation	Net
Leasehold Improvements	\$269,906	Strait Line	10 Years	\$124,262	\$145,644
Equipment	314,806	Strait Line	3-5 Years	242,066	72,740

\$584,712	\$366,328	\$218,384
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As of March 31, 2006, depreciation is computed as follows:

	Cost	Method	Life	Accumulated Depreciation	Net
Leasehold Improvements	\$269,906	Strait Line	10 Years	\$97,271	\$172,635
Equipment	329,311	Strait Line	3-5 Years	193,277	136,034
	\$599,217			\$290,548	\$308,669

Total depreciation expense for the year ended March 31, 2007 and 2006 was \$89,729 and \$89,347.

### Earnings per Share

Basic loss per share has been computed by dividing the loss for the period applicable to the common stockholders by the weighted average number of common shares outstanding during the years.

There are no dilutive outstanding common stock equivalents as of March 31, 2007 and 2006.

### Income Taxes

The Company accounts for income taxes under the provisions of SFAS No.109, "Accounting for Income Taxes." SFAS No.109 requires recognition of deferred income tax assets and liabilities for the expected future income tax consequences, based on enacted tax laws, of temporary differences between the financial reporting and tax bases of assets and liabilities.

### **Inventory**

Inventory consists of finished meat products, and is valued at the lower of cost, determined on the first-in, first-out basis (FIFO), or market value.

### **Marketable Securities**

Marketable securities consist of publicly-traded securities that are classified as available-for-sale securities. On the balance sheet, available-for-sale securities are classified as current assets. Available-for-sale securities are recorded at fair market value based upon quoted market prices. Unrealized gains and losses, net of related income taxes (if any), are recorded in accumulated other comprehensive income (loss) in stockholders' equity (deficit).

Realized gains and losses from the sale of available-for-sale securities are recorded in other income (expense) and are computed using the specific identification method. During the year ended March 31, 2007, the Company sold available-for-sale securities for a realized loss of \$35,570, which is included in other income (expense).

The Company's policy for assessing recoverability of its available-for-sale securities is to record a charge against net earnings when the Company determines that a decline in the fair value of a security drops below the cost basis and judges that decline to be other-than-temporary.

### **Advertising**

Advertising costs are expensed as incurred.

### **Recent Accounting Pronouncements**

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprises' financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attributable for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognizing, classification, interest and penalties, accounting in interim periods, disclosures and transitions. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently reviewing the effect, if any, FIN 48 will have on its financial position and operations.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measures" ("SFAS No. 157"). SFAS No.157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), expands disclosures about fair value measurements, and applies under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 does not require any new fair value measurements, however the FASB anticipates that for some entities, the application of SFAS No. 157 will change current practice. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, which for the Company would be its fiscal year beginning November 1, 2008. The implementation of SFAS No. 157 is not expected to have a material impact on the Company's results of operations and financial condition.

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)". This statement requires employers to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multi-employer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. This statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. The provisions of SFAS No. 158 are effective for employers with publicly traded equity securities as of the end of the fiscal year ending after December 15, 2006. The adoption of this statement is not expected to have a material effect on the Company's future reported financial position or results of operations.

F-12

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In September 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 108 (Topic 1N), "Quantifying Misstatements in Current Year Financial Statements" ("SAB No. 108"). SAB No. 108 addresses how the effect of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB No. 108 requires SEC registrants (i) to quantify misstatements using a combined approach which considers both the balance sheet and income statement approaches; (ii) to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors; and (iii) to adjust their financial statements if the new combined approach results in a conclusion that an error is material. SAB No. 108 addresses the mechanics of correcting misstatements that include effects from prior years. It indicates that the current year correction of a material error that includes prior year effects may result in the need to correct prior year financial statements even if the misstatement in the prior year or years is considered immaterial. Any prior year financial statements found to be materially misstated in years subsequent to the issuance of SAB No. 108 would be restated in accordance with SFAS No. 154, "Accounting Changes and Error Corrections." Because the combined approach represents a change in practice, the SEC staff will not require registrants that followed an acceptable approach in the past to restate prior years' historical financial statements. Rather, these registrants can report the cumulative effect of adopting the new approach as an adjustment to the current year's beginning balance of retained earnings. If the new approach is adopted in a quarter other than the first quarter, financial statements for prior interim periods within the year of adoption may need to be restated. SAB No. 108 is effective for fiscal years ending after November 15, 2006, which for Company would be its fiscal year beginning December 1, 2007. The implementation of SAB No. 108 is not expected to have a material impact on the Company's results of operations and financial condition.

**NOTE 3 - MARKETABLE SECURITIES**

In February 2007, a stockholder contributed to capital marketable securities consisting of free trading stock in a public entity. The Company valued this contribution at the market price. The Company then sold a small part of their position realizing a loss on securities of \$35,570. At March 31, 2007 the Company valued the security at market, which resulted in an unrealized loss of \$360,745. At March 31, 2007 the Company held 6,289,000 shares of stock valued at .21 per share for a value of \$1,320,690.

**NOTE 4 - INCOME TAXES**

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As of March 31, 2007, the Company had a net operating loss carryforward for income tax reporting purposes of approximately \$4,700,000 be offset against future taxable income through 2026. Current tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited. No tax benefit has been reported in the financial statements, because the Company believes there is a 50% or greater chance the carry-forwards will expire unused. Accordingly, the potential tax benefits of the loss carry-forwards are offset by a valuation allowance of the same amount.

	2007	2006
Net Operating Losses	\$ 872,113	\$ 557,003
Depreciation	-	53,120
Valuation Allowance	(872,113)	(620,123)
	\$ -	\$ -

The provision for income taxes differs from the amount computed using the federal US statutory income tax rate as follows:

	2007	2006
Provision (Benefit) at US Statutory Rate	\$ (392,451)	\$ (256,221)
Depreciation	-	(24,435)
Increase (Decrease) in Valuation Allowance	392,451	280,656
	\$ -	\$ -

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and cause a change in management's judgment about the recoverability of deferred tax assets, the impact of the change on the valuation is reflected in current income.

**NOTE 5 - OPERATING LEASE COMMITMENTS**

The Companies operating facility is a New York City owned property consisting of 7,000 sq. ft. The Company leases the space on a month-to-month basis.

Total lease expense for the year ended March 31, 2007 and 2006 was \$230,802 and \$161,994.

**NOTE 6 - CAPITAL LEASE COMMITMENTS**

The Company has entered into capital leases for the purchase of equipment. The future minimum lease payments are as follows:

Year	Lease Payment
2008	\$ 12,065
2009	6,077
2010	-
Total	\$ 18,142

**NOTE 7- NOTES PAYABLE**

As of August 26, 2005 the Company agreed to convert indebtedness of \$155,303.07 to Brooks Provisions Inc. into a Note Payable. The Company agreed to pay the principal indebtedness, together with interest accruing at the rate of 10% per annum, in equal payments of \$2,146.04 commencing on September 8, 2005 and continuing weekly for an additional seventy-seven weeks. The Company has the right to prepay the note at any time. As of March 31, 2007 the outstanding balance of the note is \$19,314.

**Factoring Line of Credit**

On August 28, 2006, the Company entered into an agreement with a factoring corporation. Under the terms of the agreement, the Company would receive 90 percent of the purchase price up front and 10 percent would be held in reserves until the receivables are collected. The term of the agreement is one year, renewable at the Corporations discretion. A discount charge of nine tenths of one per cent is charged, with increases based upon a time frame of receivables outstanding. Receivables over 90 days are returned to the Company.

These factoring lines of credit have been treated as a secured financing arrangement. As of March 31, 2007, the company had factored receivables in the amount of \$1,233,231. Discount provided during factoring of the accounts receivable have been expensed on the accompanying Statements of Operations as Factoring Fees.

**NOTE 8 LOANS PAYABLE**



As of March 31, 2007 the Company has an outstanding note payable to a shareholder in the amount of \$1,551,000. This loan carries with it an interest rate of 5% and no payments of interest or principal are due until the due date of September 30, 2009. As of March 31, 2007 interest due on this loan and the loan that follows equals \$128,943.

In September 2006 the Company received \$100,000 for a convertible note bearing interest at 7.5%, convertible at 12/31/2008 to common stock at 12/31/2008 if not repaid.

Both loans have been classified as long term loans payable.

F-14

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**NOTE 9 - RELATED PARTY TRANSACTIONS**

As of March 31, 2007, shareholders have advanced the Company \$272,554 payable on demand and do not carry an interest rate. This transaction has been recorded in the accompanying financial statements as Subordinated Debt as it is their intention to convert this loan to capital.

#### **NOTE 10 - STOCK TRANSACTIONS**

On April 17, 2006 the Company issued 1,000,000 shares of restricted common stock in exchange of \$165,000. These shares of stock were valued at \$0.165 per share.

On April 17, 2006 the Company issued 150,000 shares of restricted common stock in exchange of \$20,000. These shares of stock were valued at \$0.133 per share.

During the period from July 1, 2006 to September 30, 2006 the Company issued 4,800,000 shares of stock at prices between .10 and .24 per shares.

During the quarter ended December 31, 2006 the Company issued 5,000,000 shares of stock. Of this total 3,000,000 was issued for cash at prices between 8 and 10 cents, and 2,000,000 for services at the market price of 8 cents to be amortized over the life of the contract expiring in April 2008.

During the quarter ended March 31, 2007 the Company issued 250,000 shares for services at .14 per share.

#### **NOTE 11 - SUBSEQUENT EVENTS**

In June of 2007, the Company settled their note obligation referred to in note 7 (A) for \$10,000.

In May of 2007 the Company changed factoring agents for slightly better terms than its predecessor enumerated also in note 7.

As of June 21, 2007 the market value of the securities referred to in note 3, had dropped to .09 cents per share from .21 per share at March 31, 2007. As of June 21, 2007 the market value of the securities would have decreased by approximately 58% or \$766,000.

As of June 15, 2007 the Company has agreed in principle with a Company to act as it purchasing agent whereby the agent would guarantee payments to the suppliers of the Company, which would enable the Company to gain substantially better terms and prices for their products. In turn the Company, if the agreement is finalized will agree to issued the agent an unspecified amount of restricted stock for consideration

#### **NOTE 12 RESTATED FINANCIAL STATEMENTS**

Subsequent to the issuance of the financials statements for the year ended March 31, 2007, the Company restated certain items in the cash flow statement to properly represent the components of cash flows form operations, investing

and financing activities. The following details the changes:

Statement of Cash Flows for the fiscal year ended March 31, 2007:

	For the year ended March 31, 2007 As originally stated	For the year ended March 31, 2007 Adjustments	For the year ended March 31, 2007 Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Loss	\$ (979,168)	\$ -	\$ (979,168)
Adjustments to reconcile net loss to net cash			
Provided by operating activities			
Depreciation and Amortization	89,729	-	89,729
Other comprehensive loss	(360,745)	-	(360,745)
(Increase) Decrease in Marketable Securities	(1,320,690)	1,320,690	-
(Increase) Decrease in Inventory	48,041	-	48,041
(Increase) Decrease in Accounts Receivable	393,842	-	393,842
(Increase) Decrease in Deposits and Prepaids	(47,388)	-	(47,388)
Stock Issued in Exchange for Services	197,500	-	197,500
(Decrease) Increase in Accounts Payable and Accrued Expenses	(630,879)	-	(630,879)
(Decrease) Increase in reclass of AP to Notes Payable (Brooks)	-	-	-
(Decrease) Increase in Interest Payable	70,018	-	70,018
Net Cash Used in Operating Activities	(2,539,740)	1,320,690	(1,219,050)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Changes in Marketable Securities	-	(1,320,690)	(1,320,690)
Equipment Net	557	-	557
Net Cash Used in Investing Activities	557	(1,320,690)	(1,320,133)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Payments on Capital Lease Obligation	(10,045)	-	(10,045)

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Factoring Payable	(488,719)	-	(488,719)
Shareholder Loans	680,000	-	680,000
Payments on Notes Payable	(327,989)	-	(327,989)
Payments on Related Party Debt	(219,546)	-	(219,546)
Stock Issued in Exchange for Cash	831,000	-	831,000
Contribution of Capital from Stockholders	1,793,376	-	1,793,376
Bank Overdraft	281,106	-	281,106
Net Cash Used in Investing Activities	2,539,183	-	2,539,183
Net (Decrease) Increase in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents at Beginning of Period	-	-	-
Cash and Cash Equivalents at End of Period	\$ -	\$ -	\$ -

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:

Interest	\$ -	\$ -	\$ -
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SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Stock issued for services	\$ 197,500	\$ -	\$ 197,500
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**SIGNATURES**

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**DIAMOND RANCH FOODS, LTD.**  
(Registrant)

May 5, 2008                      By: /s/ Louis Vucci, Jr.  
   Louis Vucci, Jr., President  
May 5, 2008                      By: /s/ William DeMarzo  
   William DeMarzo, Chief Financial Officer

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In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: May 5, 2008              /s/ Joseph Maggio  
   Joseph Maggio, Chairman, CEO, and Director  
Date: May 5, 2008              /s/ Louis Vucci, Jr.  
   Louis Vucci, Jr., President and Director  
Date: May 5, 2008              /s/ Philip Serlin  
   Philip Serlin, Chief Operations Officer and Director  
Date: May 5, 2008              /s/ William DeMarzo  
   William DeMarzo, Chief Financial Officer

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**EXHIBIT 31.2**

**Diamond Ranch Foods, Ltd**

**a Nevada Corporation**

**SECTION 302**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Joseph Maggio, Chief Executive Officer certify that:

(1) I have reviewed this annual report on Form 10-KSB/A of Diamond Ranch Foods, Ltd ;

(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(s) and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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



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

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

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

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

Date: May 5, 2008

/s/ Joseph Maggio

Joseph Maggio

Chief Executive Officer

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**EXHIBIT 31.2**

**Diamond Ranch Foods, Ltd**

**a Nevada Corporation**

**SECTION 302**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, William DeMarzo, certify that:

(1) I have reviewed this annual report on Form 10-KSB/A of Diamond Ranch Foods, Ltd;

(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(s) and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: May 5, 2008

/s/William DeMarzo

William DeMarzo

Chief Financial Officer

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**Exhibit 32.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Corporate Fraud Accountability Act of 2002 (18 U.S.C. Section 1350, as adopted), Joseph Maggio, Chief Executive Officer of Diamond Ranch Foods, Ltd. (the "Company"), hereby certifies that, to the best of his knowledge:

1. the Annual Report on Form 10-KSB/A of the Company for the fiscal year ended March 31, 2007 (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2008

/s/ Joseph Maggio

Joseph Maggio

Chief Executive Officer

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**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**  
**18 U.S.C. SECTION 1350,**  
**AS ADOPTED PURSUANT TO**  
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Corporate Fraud Accountability Act of 2002 (18 U.S.C. Section 1350, as adopted), William DeMarzo, Chief Financial Officer of Diamond Ranch Foods, Ltd (the "Company"), hereby certifies that, to the best of his knowledge:

1. the Annual Report on Form 10-KSB/A of the Company for the fiscal year ended March 31, 2007 (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
  
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2008

/s/ William DeMarzo

William DeMarzo

Chief Financial Officer

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