Diamond Ranch Foods, Ltd., NEW
Form 10-Q/A
May 05, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

Amendment No. 1

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED: JUNE 30, 2009

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

For the transition period from ______ to_______

Commission file number 000-51206

DIAMOND RANCH FOODS, LTD.
(Name of small business issuer in its charter)

Nevada	**20-1389815**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
355 Food Center Drive B-1, Bronx, NY	**10474**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: **(718) 991-9595**

Securities registered under Section 12(b) of the Exchange Act:	**None**
Securities registered under Section 12(g) of the Exchange Act:	**Common stock, par value $0.0001 per share**
	(Title of Class)

N/A

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	x

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

State the number of shares outstanding of each of the issuer s classes of common equity, as of the latest practicable date: As of August 1, 2009, the issuer had 10,777,800 shares of its common stock issued and outstanding.

EXPLANATORY NOTE

In response to comments received from the Staff of the Securities and Exchange Commission (SEC), the Registrant is filing this Form 10Q/A (Amendment No. 1) to revise the Financial Statements and Notes for the quarter ending June 30, 2009.

PART 1 FINANCIAL INFORMATION

Item 1. Financial Statements

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DIAMOND RANCH FOODS, LTD

BALANCE SHEETS

(unaudited)

		June 30, 2009		March 31, 2009
ASSETS				
Current Assets				
Cash in Bank:	$	27,897	$	7,057
Marketable Securities		27,221		62,400
Accounts Receivable Factored		563,143		318,433
Accounts Receivable-Non Factored (Net)		277,272		315,854
Inventory		119,177		134,945
Prepaid Expenses		8,744		17,488
Total Current Assets		1,023,454		856,177
Fixed Assets Net		18,841		21,711
Total Assets	$	1,042,295	$	877,888
LIABILITIES & STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts Payable and Accrued Expenses	$	1,868,152	$	1,744,568
Factoring Line of Credit		506,415		316,781
Notes Payable		60,000		60,000
Shareholder Loans		2,091,055		2,084,488
Capital Lease Obligation		-		2,849
Total Current Liabilities		4,525,622		4,208,686
Non-Current Liabilities:				
Note Payable		10,000		30,000
Capital Lease Obligation		-		-
Interest Payable		361,902		335,830
Total Long Term Liabilities		371,902		365,830
TOTAL LIABILITIES		4,897,524		4,574,516

STOCKHOLDERS' EQUITY (DEFICIT)				
Preferred Stock, authorized 10,000,000 shares, par value $.0001, 5,284,000 shares issued and 5,284,000 outstanding as of June 30, 2009 and March 31, 2009		1		1
Common Stock, authorized 500,000,000 shares, $0.0001 par value $.0001, 10,777,800 and 32,398 shares issued and outstanding as of June 30, 2009 and March 31, 2009		1,078		1,078
Additional Paid-In Capital		4,458,840		4,458,840
Retained (Deficit)		(8,315,148)		(8,156,547)
Total Stockholders (Deficit)		(3,855,229)		(3,696,628)
Total Liabilities and Stockholders' Deficit	$	1,042,295	$	877,888

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

DIAMOND RANCH FOODS, LTD
STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended June 30, 2009		For the three months ended June 30, 2008
Revenues	$	1,736,906	$	1,891,087
Cost of Goods Sold		1,380,724		1,417,293
Gross Profit		356,182		473,794
Expenses:				
Payroll		176,095		206,531
Factoring Fee		15,299		24,355
Rent Expense		53,936		48,057
Depreciation & Amortization		2,870		9,922
General & Administrative		152,189		199,479
Sales Commission		80,728		59,158
Total Expenses		481,117		547,502
Operating Income (Loss)		(124,935)		(73,708)
Interest Expense		(33,666)		(25,918)
Other Income		-		32,916
Net Income (Loss)	$	(158,601)	$	(66,710)
Basic & diluted loss per share	$	(0.01)	$	(0.00)
Weighted Avg. Shares Outstanding		10,777,800		64,796,150

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

DIAMOND RANCH FOODS, LTD
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the three months ended June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Profit (Loss)	(158,601)	(66,710)
Adjustments to reconcile net loss to net cash		
Provided by operating activities		
Depreciation and Amortization	2,870	9,922
(Increase) Decrease in Inventory	15,768	7,532
(Increase) Decrease in Accounts Receivable	(206,128)	40,709
(Increase) Decrease in Deposits and Prepaids	8,744	28,413
Realized loss on securities		29,148
(Decrease) Increase in Accounts Payable and Accrued Expenses	123,584	(11,192)
(Decrease) Increase in Interest Payable	26,072	25,919
Net Cash Used in Operating Activities	(187,691)	63,741
CASH FLOWS FROM INVESTING ACTIVITIES:		
Changes in Marketable Securities	35,179	(74,368)
Purchase of Equipment/Sale	-	-
Net Cash Used in Investing Activities	35,179	(74,368)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Capital Lease Obligation	(2,849)	(2,545)
Factoring Payable	189,634	(126,290)
Shareholder and Related Party Debt	6,567	141,295
Payments on Notes Payable	(20,000)	-
Net Cash Provided by Financing Activities	173,352	12,460
Net (Decrease) Increase in Cash and Cash Equivalents	20,840	1,833
Cash and Cash Equivalents at Beginning of Period	7,057	20,791
Cash and Cash Equivalents at End of Period	27,897	22,624

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:				
Interest	$	-	$	-
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Stock issued for services	$	-	$	-

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

DIAMOND RANCH FOODS, LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2009 AND 2008

(Unaudited)

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 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 incurred an operating loss of $158,601 for the quarter ended June 30, 2009 and has a negative stockholders equity of $3,855,229.

The Company's continued existence is dependent upon its ability to continue 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 now located in the Hunts Point Coop Market, Bronx, 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.

Reverse Stock Split

On September 19, 2008 the Company affected a 2,000 to 1, reverse stock split and changed its symbol to DRFO. The financials have been restated for all periods presented to reflect this reverse stock split.

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.

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 June 30, 2009 depreciation is computed as follows:

	Cost	Method	Life	Accumulated Depreciation	Net
Equipment	322,232	Strait Line	3-5 Years	303,391	18,841

322,232	$	303,391	$	303,391

Total depreciation expense for the quarter ended June 30, 2009 was $2,870.

Earnings per Share

Basic gain or 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 June 30, 2009 and 2008.

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, are usually recorded in accumulated other comprehensive income (loss) in stockholders equity (deficit). There was no difference between cost and market at June 30, 2009.

Realized gains and losses from the sale of available-for-sale securities are usually recorded in other income (expense) and are computed using the specific identification method. The Company has an agreement with the shareholder who contributed the securities whereby any realized gains or losses are added or subtracted to the shareholder loan account.

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 application of FIN 48 did not result in a change to the Company s financial position since the Company already reserved 100% of the deferred tax asset.

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 did not impact the Company s results of operations or financial condition. The Company has included the information required by SFAS No. 157 in Note 3.

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. The adoption of SFAS No. 158 did not have an effect on the Company's reported financial position or results of operations since the Company does not presently have a defined benefit plan or other post-retirement plan.

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 did not have a material impact on the Company's results of operations or financial condition.

NOTE 3-MARKETABLE SECURITIES

At June 30, 2009 the company held securities in one company valued at $27,221, consisting of a position of 2,722,100 shares valued at market of $.01 cents per share.

Assets measured at fair value on a recurring basis. Adapted from the table in para. A34 of SFAS 157:

Assets	Total June 30, 2009	Quoted Prices Level 1	Significant Other Inputs: Level 2	Significant Nonobservable Inputs: Level 3
Trading Securities	$27,221	$27,221	$0	$0
Available for sale	$27,221	$27,221	$0	$0
Derivatives	$0	$0	$0	$0
Total	$27,221	$27,221	$0	$0

NOTE 4 - INCOME TAXES

As of March 31, 2009, the Company had a net operating loss carryforward for income tax reporting purposes of approximately $7,500,000 be offset against future taxable income through 2029. 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.

		2009
Net Operating Losses	$	2,325,000
Depreciation		-
Valuation Allowance		(2,325,000)
	$	-

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 consists of approximately 3,500 sq. ft. The Company leases the space on a month-to-month basis at $9,000 per month.

The Company also leases space on a month to month basis for truck and equipment rental on an as needed basis.

NOTE 6- NOTES PAYABLE

Factoring Line of Credit

In 2007 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 June 30, 2009 the company had factored receivables in the amount of $563,143 and recorded a liability of $506,415 Discount provided during factoring of the accounts receivable have been expensed on the accompanying Statements of Operations as Factoring Fees.

NOTE 7 LOANS PAYABLE

As of June 30, 2009, the Company has an outstanding note payable to a shareholder in the amount of $2,091,054. 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, 2010. Accrued interest is $361,902.

In February 2009 an amendment to a September 2006 agreement was entered into whereby the Company had received $100,000 for a note indicating repayments starting February 2009 of $5,000 per month. At June 30, 2009 $40,000 has been repaid.

NOTE 8-SIGNIFICANT VENDOR

At June 30, 2009 the Company was indebted to a vendor representing 96% of the total payables. While the Company can if needed replace this vendor in buying product to sell, the loss of this relationship would have a material impact on the Company.

NOTE 9 SIGNIFICANT EVENT

In March of 2009 the Company received a petition for involuntary bankruptcy by three former shareholders who claim they are owed money. The Company has responded to this petition disputing vigorously their claim, and asserting fraud and perjury against the former shareholders. The amount is question is less than $65,000 and the Company feels that it will prevail and any eventual settlement of this will not have an adverse effect on their financial position.

NOTE 10 RESTATEMENT OF FINANCIAL STATEMENTS

Subsequent to the issuance of the financial statements for quarter ended June 30, 2009 and year ended March 31, 2009, the Company restated certain elements of the balance sheets, the following table detail the specific changes:

DIAMOND RANCH FOODS, LTD

BALANCE SHEETS

	(unaudited) June 30, 2009 As originally stated	(unaudited) June 30, 2009 Adjustment	(unaudited) June 30, 2009 Restated	March 31, 2009 As originally stated	March 31, 2009 Adjustment	March 31, 2009 Restated
ASSETS						
Current Assets						
Cash in Bank:	$ 27,897		$ 27,897	$ 7,057		$ 7,057
Marketable Securities	27,221		27,221	62,400		62,400
	563,143		563,143	318,433		318,433

Accounts Receivable Factored						
Accounts Receivable-Non Factored (Net)	277,272		277,272	315,854		315,854
Inventory	119,177		119,177	134,945		134,945
Prepaid Expenses	8,744		8,744	17,488		17,488
Total Current Assets	1,023,454		1,023,454	856,177		856,177
Fixed Assets Net	18,841		18,841	21,711		21,711
Total Assets	$ 1,042,295		$ 1,042,295	$ 877,888		$ 877,888
LIABILITIES & STOCKHOLDERS' EQUITY						
Current Liabilities:						
Accounts Payable and Accrued Expenses	$ 1,868,152		$ 1,868,152	$ 1,744,568		$ 1,744,568
Factoring Line of Credit	506,415		506,415	316,781		316,781
Notes Payable	60,000		60,000	60,000		60,000
Shareholder Loans	-	(2,091,055) (a)	2,091,055	-	(2,084,488) (a)	2,084,488
Capital Lease Obligation	-		-	2,849		2,849
Total Current Liabilities	2,434,567		4,525,622	2,124,198		4,208,686
Non-Current Liabilities:						
Note Payable	10,000		10,000	30,000		30,000
Shareholder Loans	2,091,055	(2,091,055) (a)	-	2,084,488	(2,084,488) (a)	-
Capital Lease Obligation	-		-	-		-
Interest Payable	361,902		361,902	335,830		335,830
Total Long Term Liabilities	2,462,957		371,902	2,450,318		365,830
TOTAL LIABILITIES	4,897,524		4,897,524	4,574,516		4,574,516

STOCKHOLDERS' EQUITY (DEFICIT)						
Preferred Stock, authorized 10,000,000 shares, par value $.0001, 5,284,000 shares issued and 5,284,000 outstanding as of June 30, 2009 and March 31, 2009	528	(527) (b)	1	528	(527) (b)	1
Common Stock, authorized 500,000,000 shares, $0.0001 par value $.0001, 10,777,800 and 32,398 shares issued and outstanding as of June 30, 2009 and March 31, 2009	1,078		1,078	1,078		1,078
Additional Paid-In Capital	3,966,611	492,229 (c)	4,458,840	3,966,611	492,229 (c)	4,458,840
Treasury Stock	(100,000)	100,000 (c)	-	(100,000)	100,000 (c)	-
Retained (Deficit)	(7,723,446)	(591,702) (c)	(8,315,148)	(7,564,845)	(591,702) (c)	(8,156,547)
Total Stockholders (Deficit)	(3,855,229)		(3,855,229)	(3,696,628)		(3,696,628)
Total Liabilities and Stockholders' Deficit	$ 1,042,295		$ 1,042,295	$ 877,888		$ 877,888

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

(a) To reclassify shareholder debt as current.

(b) To properly state the par value of the preferred stock issued.

(c) To adjust for the repurchase of common stock and the value of shares issued for services rendered.

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

This statement includes projections of future results and "forward looking statements" as that term is defined in Section 27A of the Securities Act of 1933 as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934 as amended (the "Exchange Act"). All statements that are included in this Quarterly Report, other than statements of historical fact, are forward looking statements. Although management believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct.

SALES

Our revenues from operations for the three months ended June 30, 2009 were $1,736,096 compared to the same period of 2008 which were $1,891,087, a decrease of $154,991 or 8.21%. The decrease which was ant