

Diamond Ranch Foods, Ltd., NEW  
Form 10QSB/A  
July 14, 2008

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-QSB/A**  
**Amendment No. 2**

(MARK ONE)

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

**FOR THE QUARTERLY PERIOD ENDED: JUNE 30, 2007**

**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.**

(Exact name of small business issuer as specified in its charter)

**Nevada**

**(State or other jurisdiction of incorporation or  
organization)**

**20-138985**

**(IRS Employer Identification No.)**

555 West Street  
New York, NY 10014

(Address of principal executive offices)

(212) 807-7600

(Issuer's telephone number)

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

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

As of August 3, 2007, there were 68,896,150 shares of the Issuer's common stock, par value \$0.0001, issued and outstanding.

Transitional Small Business Disclosure Format (check one): Yes  No

Explanatory Note: This Amendment No. 2 on Form 10-QSB/A amends the Registrant's Amendment No. 1 on Form 10-QSB/A, filed on May 6, 2008 and quarterly report on Form 10-QSB filed by the Registrant on August 13, 2007 for the quarter ended June 30, 2007. Amendment No. 2 is being filed to amend the Statements of Cash Flows and Note 11 to the financial statements in accordance with paragraph 15, 16 and 17 of SFAS No. 95. All other items remain unchanged from the original filing.

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### PART 1 – FINANCIAL INFORMATION

#### Item 1. Financial Statements

## DIAMOND RANCH FOODS, LTD

## BALANCE SHEETS

|  | (Unaudited)  |    |           |
|--|--------------|----|-----------|
|  | June 30,     |    | March 31, |
|  | 2007         |    | 2007      |
| <b>ASSETS:</b>                         |              |    |           |
| Current Assets:                        |              |    |           |
| Cash in Bank                           | \$ 123,194   | \$ | -         |
| Marketable Securities                  | 282,310      |    | 1,320,690 |
| Accounts Receivable – Factored         | 1,493,623    |    | 1,233,231 |
| Accounts Receivable-Non Factored-Net   | 77,294       |    | 27,321    |
| <br>                                   |              |    |           |
| Inventory                              | 278,406      |    | 121,786   |
| Prepaid Expenses                       | 159,118      |    | 202,353   |
| <br>                                   |              |    |           |
| Total Current Assets                   | 2,413,945    |    | 2,905,381 |
| Fixed Assets - Net                     | 200,652      |    | 218,384   |
| <br>                                   |              |    |           |
| Other Assets:                          |              |    |           |
| Deposits                               | 3,335        |    | 3,335     |
| <br>                                   |              |    |           |
| Total Other Assets                     | 3,335        |    | 3,335     |
| <br>                                   |              |    |           |
| Total Assets                           | \$ 2,617,932 | \$ | 3,127,100 |
| <br>                                   |              |    |           |
| <b>LIABILITIES &amp; STOCKHOLDERS'</b> |              |    |           |
| <b>EQUITY</b>                          |              |    |           |
| Current Liabilities:                   |              |    |           |
| Bank Overdraft                         | \$ -         | \$ | 493,021   |
| Accounts Payable and Accrued Expenses  | 1,401,059    |    | 888,100   |
| Factoring Line of Credit               | 1,300,369    |    | 917,926   |
| <br>                                   |              |    |           |
| Notes Payable                          | -            |    | 19,314    |
| Capital Lease Obligation               | 10,182       |    | 12,065    |
| <br>                                   |              |    |           |
| Total Current Liabilities              | 2,711,610    |    | 2,330,426 |

|  |    |             |              |
|--|----|-------------|--------------|
| Non-current Liabilities:   |    |             |              |
| Capital Lease Obligation   |    | 5,415       | 6,077        |
| Shareholder Loans  |    | 1,651,000   | 1,651,000    |
| Interest Payable   |    | 150,206     | 128,943      |
| <br>   |    |             |              |
| Total Long Term Liabilities  |    | 1,806,621   | 1,786,020    |
| <br>   |    |             |              |
| TOTAL LIABILITIES  |    | 4,518,231   | 4,116,446    |
| <br>   |    |             |              |
| STOCKHOLDERS' EQUITY (DEFICIT)   |    |             |              |
| Preferred Stock, authorized 20,000,000 shares, par value \$.0001, 0 shares issued and outstanding respectively                               |    | -           | -            |
| Common Stock, authorized 500,000,000 shares, \$.0001 par value \$.0001, 68,896,150 and 68,896,150 shares issued and outstanding respectively |    | 6,890       | 6,890        |
| Additional Paid-In Capital   |    | 3,937,389   | 3,937,389    |
| Subordinated Debt  |    | 172,554     | 272,554      |
| Other Comprehensive Loss   |    | (744,885)   | (360,745)    |
| Retained Earning (Deficit)   |    | (5,272,247) | (4,845,434)  |
| <br>   |    |             |              |
| Total Stockholders' Deficit  |    | (1,900,299) | (989,346)    |
| <br>   |    |             |              |
| Total Liabilities and Stockholders' Equity   | \$ | 2,617,932   | \$ 3,127,100 |

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,                   |              |
|                                  | 2007                       | 2006         |
| Revenues                         | \$ 3,548,389               | \$ 2,747,447 |
| Cost of Goods Sold               | 2,712,707                  | 2,139,182    |
| Gross Profit                     | \$ 835,682                 | \$ 608,265   |
| Expenses:                        |                            |              |
| Payroll                          | 255,891                    | 157,820      |
| Factoring Fee                    | 74,482                     | 78,504       |
| Rent Expense                     | 65,913                     | 57,314       |
| Depreciation & Amortization      | 17,732                     | 20,000       |
| General & Administrative         | 313,387                    | 94,876       |
| Sales Commission                 | 109,322                    | 72,551       |
| Total Expenses                   | \$ 836,727                 | \$ 481,064   |
| Operating Income (Loss)          | (1,045)                    | 127,201      |
| Interest Expense                 | (24,120)                   | (18,501)     |
| Realized (loss) on securities    | (418,076)                  | -            |
| Other Income                     | 16,427                     | -            |
| Net Income (Loss)                | \$ (426,814)               | \$ 108,701   |
| Basic & diluted loss per share   | \$ (0.01)                  | \$ (0.00)    |
| Weighted Avg. Shares Outstanding | 68,896,150                 | 58,672,261   |

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,                   |            |
|   | 2007                       | 2006       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |                            |            |
| Net Profit (Loss)   | \$ (426,814)               | \$ 108,701 |
| Adjustments to reconcile net loss to net cash<br>Provided by operating activities |                            |            |
| Depreciation and Amortization   | 17,732                     | 20,000     |
| Other Comprehensive loss  | (384,140)                  | -          |
| (Increase) Decrease in Inventory  | (156,620)                  | (53,523)   |
| (Increase) Decrease in Accounts Receivable  | (310,365)                  | 162,381    |
| (Increase) Decrease in Deposits and Prepaids                                      | 43,235                     | 21,500     |
| Stock Issued in Exchange for Services   | -                          | -          |
| (Decrease) Increase in Accounts Payable and<br>Accrued Expenses                   | 512,959                    | (314,509)  |
| (Decrease) Increase in Interest Payable   | 21,264                     | 12,928     |
| Net Cash Used in Operating Activities   | (682,749)                  | (69,522)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                      |                            |            |
| Changes in Marketable Securities  | 1,038,380                  | -          |
| Purchase of Equipment/Sale  | -                          | -          |
| Net Cash Used in Investing Activities   | 1,038,380                  | -          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                      |                            |            |
| Payments on Capital Lease Obligation  | (2,545)                    | (2,408)    |
| Factoring Payable   | 382,443                    | (128,245)  |
| Shareholder and Related Party Debt  | (100,000)                  | 138,490    |
| Payments on Notes Payable   | (19,314)                   | (89,683)   |
| Stock Issued in Exchange for Cash   | -                          | 185,000    |
| Bank Overdraft  | (493,021)                  | (33,632)   |
| Net Cash Provided by Financing Activities   | (232,437)                  | 69,522     |
| Net (Decrease) Increase in Cash and Cash<br>Equivalents                           | 123,194                    | -          |
| Cash and Cash Equivalents at Beginning of Period                                  | -                          | -          |
| Cash and Cash Equivalents at End of Period  | \$ 123,194                 |            |

\$ -

SUPPLEMENTAL DISCLOSURE OF CASH  
FLOW INFORMATION:

Cash paid during the year for:

|          |    |       |    |       |
|----------|----|-------|----|-------|
| Interest | \$ | 2,856 | \$ | 5,573 |
|----------|----|-------|----|-------|

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, 2007 AND 2006  
(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 has incurred a net loss of \$426,814 for the quarter ended June 30, 2007 and had a negative current ratio of \$297,665.

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 changed 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 Company's 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.

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**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**

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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, collection 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, 2007, depreciation is computed as follows:

|                           | Cost      | Method      | Life      | Accumulated<br>Depreciation | Net       |
|---------------------------|-----------|-------------|-----------|-----------------------------|-----------|
| Leasehold<br>Improvements | \$269,906 | Strait Line | 10 Years  | \$131,010                   | \$138,896 |
| Equipment                 | 314,806   | Strait Line | 3-5 Years | 253,050                     | 61,756    |
|                           | \$584,712 |             |           | \$384,060                   | \$200,652 |

As of March 31, 2007, depreciation is computed as follows:

|                           | Cost      | Method      | Life      | Accumulated<br>Depreciation | Net       |
|---------------------------|-----------|-------------|-----------|-----------------------------|-----------|
| Leasehold<br>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

Total depreciation expense for the quarters ended June 30, 2007 and 2006 was \$17,732 and \$20,000.

### 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, 2007 and 2006.

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### 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 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 quarter ended June 30, 2007, the Company sold available-for-sale securities for a realized loss of \$418,076 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 enterprise's 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[see fiscal year beginning date two paragraphs below] 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.

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[see fiscal year beginning date two paragraphs above] 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 its 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.

For the quarter ended June 30, 2007 the Company incurred an unrealized loss of \$384,140 and held shares valued at \$.07 totaling \$282,310.

#### **NOTE 4 - INCOME TAXES**

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As of June 30, 2007, the Company had a net operating loss carry-forward for income tax reporting purposes of approximately \$4,700,000 to be offset against future taxable income through 2025. 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.

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|                      | <b>2007</b> | <b>2006</b> |
|----------------------|-------------|-------------|
| Net Operating Losses | -           | 118,644     |
| Depreciation         | -           | 20,000      |
| Valuation Allowance  | -           | 138,644     |
|                      | -           | -           |

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

|  | <b>2007</b> | <b>2006</b>  |
|--|-------------|--------------|
| Provision (Benefit) at US Statutory Rate   | \$ -        | \$ (256,221) |
| Depreciation                               | -           | (24,435)     |
| Increase (Decrease) in Valuation Allowance | -           | 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 quarters ended June 30, 2007 and 2006 was \$20,466 and \$20,576.

### 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         | 7,785            |
| 2009         | 7,812            |
| 2010         | -                |
| <b>Total</b> | <b>\$ 15,597</b> |

**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 satisfied this obligation during the quarter ended June 30, 2007.

**Factoring Line of Credit**

In May of 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 Company's discretion. A factoring fee calculated by taking the gross face value of each purchased receivable and multiplying it by fifty seven hundredths of one percent for each day or part thereof, provided however that the factoring fee for any purchased receivable shall not be less than \$2.25. In addition a finance fee calculated at .0067 for each day or part thereof, commencing on the date which is 31 calendar days after the date said purchased receivable is first purchased by the buyer until the date and said purchased receivable is paid in full.

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The maximum credit allowed is \$2,500,000, with the maximum factoring volume at \$5,000,000.

These factoring lines of credit have been treated as a secured financing arrangement. As of June 30, 2007, the Company had factored receivables in the amount of \$1,493,623. Discounts 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 June 30, 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 June 30, 2007 interest due on this loan and the loan that follows equals \$150,206.

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.

**NOTE 9 – RELATED PARTY TRANSACTIONS**

As of June 30, 2007, shareholders have advanced the Company \$172,554, payable on demand and not carrying 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 – COMMON STOCK TRANSACTIONS**

There were no stock transactions in the quarter.

**NOTE 11 – RESTATED FINANCIAL STATEMENTS**

Subsequent to the issuance of the financials statements for the quarter ended June 30, 2007, the Company restated certain items in the cash flow statement to properly represent the components of cash flows from operations, investing and financing activities. The following details the changes:



Statement of Cash Flows for the three months ended June 30, 2007:

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|  | For the three months<br>ended | For the three months<br>ended | For the three months<br>ended |
|--|-------------------------------|-------------------------------|-------------------------------|
|  | June 30, 2007                 | June 30, 2007                 | June 30, 2007                 |
|  | As originally stated          | Adjustments                   | Restated                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                 |                               |                               |                               |
| Net Profit (Loss)  | \$ (426,814)                  | \$ -                          | (426,814)                     |
| Adjustments to reconcile net loss to net cash                |                               |                               |                               |
| Provided by operating activities                             |                               |                               |                               |
| Depreciation and Amortization                                | 17,732                        | -                             | 17,732                        |
| Other Comprehensive loss                                     | (384,140)                     | 384,140                       | -                             |
| (Increase) Decrease in Inventory                             | (156,620)                     | -                             | (156,620)                     |
| (Increase) Decrease in Accounts Receivable                   | (310,365)                     | -                             | (310,365)                     |
| (Increase) Decrease in Deposits and Prepaids                 | 43,235                        | -                             | 43,235                        |
| Realized loss on securities                                  | -                             | 418,076                       | 418,076                       |
| (Increase) Decrease in Marketable securities                 | 1,038,380                     | (1,038,380)                   | -                             |
| (Decrease) Increase in Accounts Payable and Accrued Expenses | 512,959                       | -                             | 512,959                       |
| (Decrease) Increase in Interest Payable                      | 21,264                        | -                             | 21,264                        |
| Net Cash Used in Operating Activities                        | 355,631                       | (236,164)                     | 119,467                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                 |                               |                               |                               |
| Marketable Securities  | -                             | 236,164                       | 236,164                       |
| Purchase of Equipment/Sale                                   | -                             | -                             | -                             |
| Net Cash Used in Investing Activities                        | -                             | 236,164                       | 236,164                       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                 |                               |                               |                               |
| Payments on Capital Lease Obligation                         | (2,545)                       | -                             | (2,545)                       |
| Factoring Payable  | 382,443                       | -                             | 382,443                       |
| Shareholder and Related Party Debt                           | (100,000)                     | -                             | (100,000)                     |

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|  |            |   |            |
|--|------------|---|------------|
| Payments on Notes Payable                            | (19,314)   | - | (19,314)   |
| Stock Issued in Exchange for Cash                    | -          | - | -          |
| Bank Overdraft                                       | (493,021)  | - | (493,021)  |
| Net Cash Provided by Financing Activities            | (232,437)  | - | (232,437)  |
| Net (Decrease) Increase in Cash and Cash Equivalents | 123,194    | - | 123,194    |
| Cash and Cash Equivalents at Beginning of Period     | -          | - | -          |
| Cash and Cash Equivalents at End of Period           | \$ 123,194 | - | \$ 123,194 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:

|          |          |   |          |
|----------|----------|---|----------|
| Interest | \$ 2,856 | - | \$ 2,856 |
|----------|----------|---|----------|

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

|                           |      |      |      |
|---------------------------|------|------|------|
| Stock issued for services | \$ - | \$ - | \$ - |
|---------------------------|------|------|------|

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

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, 2007 were \$3,548,389 compared to the same period of 2006 which were \$2,747,447, an increase of \$800,942 or 29%. The sales were generated from the sale of our meat products and services.

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The Company continues to work on a daily basis to bring in new product, either by the request of the customer, or by management's initiative, to capture more of our existing customers' business. Using a personal approach with customers, our salesmen work to satisfy their specific needs as well as their general product requirements. We intend to grow at a steady and proportionate rate, and therefore, would project that the coming quarter's growth increase would be the same ratio of 80% existing customer vs. 20% new customer. To continue operations in a controlled and manageable fashion, we seek to add approximately 5 new customers per week, or approximately 20 customers per month.

### **COST OF SALES AND GROSS PROFIT**

Our cost of sales for the three months ended June 30, 2007 was \$2,712,007, generating a gross profit of \$835,682, or 23.55%.

Our cost of sales for the three months ended June 30, 2006 was \$2,139,182 generating a gross profit of \$608,265, or 22.14%.

Revenues increased by 29% in comparison to the three months ended June 2006; this increase is a direct result of the company's success in gaining new customers.

As a result our gross profit has increased from between the three months ended June 30, 2007 and 2006. Management expects gross profits to increase as revenues increase and the cost of sales decrease. A decrease in sales costs could be attributed to many factors, including, but not limited to decrease in food costs and decreased product costs due to outsourcing manufactured products and various conditions outside the control of the Company.

For the quarter ended June 30, 2007, we have increased our margins by raising prices, outsourcing manufactured products and eliminating low margin sales to jobber trade as compared to those in fiscal year ended March 31, 2006. We will continue to grow through increased sales efforts made by our management team using 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.

### **EXPENSES**

Our Payroll expenses for the three months ended June 30, 2007 was \$255,891, which was an increase of \$98,071 over the amount of \$157,820 for the three months ended June 30, 2006. This increase was mostly attributable to the increase in size of our workforce due to increased sales.

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Our Rent expenses for the three months ended June 30, 2007 was \$65,913, which was an increase of \$8,599 over the amount of \$57,314 for the three months ended June 30, 2006. This increase was mostly attributable to the increase in rent amount in connection with the rental of equipment and trucks.

Our Sales Commission for the three months ended June 30, 2007 was \$109,322, which was a increase of \$36,771 over the amount for the three months ended June 30, 2006. This increase is attributable to the higher revenues for the three months ended June 30, 2007

Our General and Administrative expenses increased to \$313,387 from \$94,876 or \$218,511. The increase was attributable to higher truck and maintenance costs, insurance, travel, union fees, office expenses and professional.

### **LIQUIDITY AND CAPITAL RESOURCES**

For the Three-Months ended June 30, 2007; the Company's cash provided by operating activities totaled \$355,631, and cash used for financing activities was \$232,437.

For the Three-Months ended June 30, 2006; the Company's cash used in operating activities totaled \$69,522, and cash provided by financing activities was \$69,522.

### **PLAN OF OPERATION**

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For the next twelve months we plan to operate the business using our new methods. We will continue to outsource manufactured products. We will continue to increase sales using commission-based salesmen. .

Management continuously evaluates operating practices and is ready to make modifications to our present-day operations when necessary. We feel our attempts to be more efficient have proven viable since our profits have increased for the three months ended June 30, 2007 as compared to losses for the three months ended June 30, 2006. With a continuous increase in revenues and the continued implementation of stringent purchasing controls, we believe an increase in gross profit will occur, leading to increased net profits. The Company's long-term existence is dependent upon our ability to execute our operating plan and to obtain additional debt or equity financing to fund payment of obligations and provide working capital for operations. There can be no assurance the necessary debt or equity financing will be available, or will be available on terms acceptable to the Company.

We intend to expand our business through acquisitions of additional meat distribution operations, but that would require obtaining debt or equity financing to finance this future growth 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. To date, no terms have been finalized or contracts signed, and although there is no guarantee, we anticipate finalizing favorable financing terms for our business to continue as a going concern.

### **SALES AND COLLECTION PROCEDURES**

We retained the services of Agricap to act as our invoice factoring company. They fully manage our sales ledger and provide us with credit control and collection services of all our outstanding debts. We send Agricap all of our sales invoices and receive a 90% cash advance of the invoice amount. The balance, less their service fee, is paid when the customer makes payment directly to them.

We elect to factor our receivables to immediately access cash owed to our Company so it may be used to purchase the raw materials for our products whose vendors require payment on receipt. By having our cash unlocked from the unpaid invoices, we are afforded a smoother, more consistent cash flow, which enhances purchasing power and provides for the accurate prediction of payment.

Typically, we would have to wait 30-45 days to receive payment on invoices for products that have already been delivered, not accounting for late-payers. Because we offer our customers payment terms, there is a minimal time period that must elapse prior to our reimbursement by the factoring company. We have a sizeable customer base, we don't rely on any few customers to sustain operations, and our clientele have favorable reputations in the industry, but we still elect not to be dependent on timely payments for our receivables since these funds need to be recycled for our next-day fresh product purchases. Working with an invoice factoring company eliminates the threat of non-payment, cash shortfalls, and enables an increased focus on revenue generation than bill collection.

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### **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 were 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 anticipate no significant changes in the number of employees within the next twelve months.

### **TRENDS**

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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.

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## **ITEM 3. CONTROLS AND PROCEDURES**

The Principal Executive Officer and Principal Financial Officer of Diamond Ranch Foods, Ltd., have conducted an evaluation of the effectiveness of disclosure controls and procedures pursuant to Exchange Act Rule 13a-14(c) and 15d-14(c). Based on that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be filed in this quarterly report has been made known to them in a timely fashion. There have been no significant changes in internal controls over financial reporting identified in connection with the evaluation that occurred during the last fiscal quarter.

## **PART II**

### **OTHER INFORMATION**

#### **ITEM 1. LEGAL PROCEEDINGS**

None.

#### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None

#### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

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

None during the quarterly reporting period ended June 30, 2007

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

Diamond Ranch Foods, Ltd. includes herewith the following exhibits:

| Number | Description  |
|--------|--|
| 31     | Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32     | Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

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**SIGNATURES**

In accordance with the requirements 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)

By: /s/ Louis Vucci, Jr.

July 11, 2008

Louis Vucci, Jr., President  
(On behalf of the Registrant and

as Principal Financial Officer)

Date: July 11, 2008

/s/ Louis Vucci, Jr.

Louis Vucci, Jr., President, Chief Financial Officer (Principal Financial Officer) and Director

Date: July 11, 2008

/s/ Philip Serlin

Philip Serlin, Chief Operations Officer and Director

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**EXHIBIT 31.2**

**Diamond Ranch Foods, Ltd**

**a Nevada Corporation**

**SECTION 302**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

I, Louis Vucci, Jr., President (Principal Executive Officer) certify that:

(1) I have reviewed this quarterly report on Form 10-QSB/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

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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: July 11, 2008

/s/ Louis Vucci, Jr.

Louis Vucci, Jr.

President (Principal Executive Officer)

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**EXHIBIT 31.2**

**Diamond Ranch Foods, Ltd**

**a Nevada Corporation**

**SECTION 302**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Louis Vucci, Jr., certify that:

- (1) I have reviewed this quarterly report on Form 10-QSB/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: July 11, 2008

/s/ Louis Vucci, Jr.

Louis Vucci, Jr.

Chief Financial Officer (Principal Accounting 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), Louis Vucci, Jr., President (Principal Executive Officer) of Diamond Ranch Foods, Ltd. (the "Company"), hereby certifies that, to the best of his knowledge:

1. the Quarterly Report on Form 10-QSB/A of the Company for the quarter ended June 30, 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: July 11, 2008

/s/ Louis Vucci, Jr.

Louis Vucci, Jr.

President (Principal 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), Louis Vucci, Jr., Chief Financial Officer of Diamond Ranch Foods, Ltd (the "Company"), hereby certifies that, to the best of his knowledge:

1. the Quarterly Report on Form 10-QSB/A of the Company for the quarter ended June 30, 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: July 11, 2008

/s/ Louis Vucci, Jr.

Louis Vucci, Jr.

Chief Financial Officer (Principal Accounting Officer)

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