Diamond Ranch Foods, Ltd., NEW
Form 10QSB
November 14, 2007

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

FORM 10-QSB

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED: September 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	**20-138985**
(State or other jurisdiction of incorporation or organization)	(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 x No ¨

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

APPLICABLE ONLY TO CORPORATE ISSUERS

As of October 18, 2007, there were 68,896,150, shares of the Issuer's common stock, par value $0.0001, issued.

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

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

DIAMOND RANCH FOODS, LTD.

BALANCE SHEETS

		(Unaudited) September 30, 2007		March 31, 2007
ASSETS:				
Current Assets:				
Cash in Bank	$	172,122	$	-
Marketable Securities		61,292		1,320,690
Accounts Receivable Factored		1,172,348		1,233,231
Accounts Receivable-Non Factored-Net		127,000		27,321
Inventory		214,727		121,786
Prepaid Expenses		115,883		202,353
Total Current Assets		1,863,372		2,905,381
Fixed Assets		187,407		218,384
Other Assets:				
Deposits		3,335		3,335
Total Other Assets		3,335		3,335
Total Assets	$	2,054,114	$	3,127,100
LIABILITIES & STOCKHOLDERS' EQUITY				
Current Liabilities:				
Bank Overdraft	$	-	$	493,021
Accounts Payable and Accrued Expenses		1,423,808		888,100
Factoring Line of Credit		1,159,648		917,926
Notes Payable		-		19,314
Capital Lease Obligation		12,065		12,065
Total Current Liabilities		2,595,521		2,330,426
Non-current Liabilities:				
Capital Lease Obligation		986		6,077
Shareholder Loans		1,576,000		1,651,000
Interest Payable		170,531		128,943

Total Long Term Liabilities		1,747,517		1,786,020
TOTAL LIABILITIES		4,343,038		4,116,446
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, $0.0001 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		134,554		272,554
Other Comprehensive Loss		(224,273)		(360,745)
Retained Deficit		(6,143,484)		(4,845,434)
Total Stockholders' Deficit		(2,288,924)		(989,346)
Total Liabilities and Stockholders' Deficit	$	2,054,114	$	3,127,100

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

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DIAMOND RANCH FOODS, LTD
STATEMENTS OF OPERATIONS
(UNAUDITED)

		For the three months ended September 30,				For the six months ended September 30,		
		2007		2006		2007		2006
Revenues	$	2,872,682	$	2,889,508	$	6,421,071	$	5,636,955
Cost of Goods Sold		2,358,905		2,266,294		5,071,612		4,405,476
Gross Profit	$	513,777	$	623,214	$	1,349,459	$	1,231,479
Expenses:								
Payroll		268,676		217,280		524,567		375,100
Factoring Fee		44,263		85,296		118,745		163,800

Rent Expense		51,309		65,693		117,222		123,007
Depreciation & Amortization		17,732		22,918		35,464		42,918
General & Admin.		268,262		128,111		581,649		222,986
Sales Commission		94,628		65,235		203,950		137,786
Total Expenses	$	744,870	$	584,533	$	1,581,597	$	1,065,597
Operating Income (Loss)		(231,093)		38,681		(232,138)		165,882
Interest Expense		(25,512)		(18,409)		(49,632)		(36,910)
Loss on Sale of Securities		(621,120)		-		(1,039,196)		-
Other Income		6,490		-		22,917		-
Net Income (Loss)	$	(871,235)	$	20,272	$	(1,298,049)	$	128,972
Basic & diluted loss per share	$	(0.01)	$	-	$	(0.02)	$	-
Weighted Avg. Shares Outstanding		68,896,150		59,430,765		68,896,150		59,138,456

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

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

	For the six months ended September 30, 2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Profit (Loss)	$ (1,298,049)	$ 128,972
Adjustments to reconcile net loss to net cash		
Other Comprehensive loss	136,472	
Depreciation and Amortization	35,464	42,918
Decrease in Marketable Securities	1,259,398	
(Increase) Decrease in Inventory	(92,941)	(192,294)
(Increase) Decrease in Accounts Receivable	(38,796)	277,961
(Increase) Decrease in Deposits and Prepaids	86,470	36,500
(Decrease) Increase in Accounts Payable and Accrued Expenses	535,708	(880,421)
(Decrease) Increase in Interest Payable	41,587	27,492
Net Cash Used in Operating Activities	665,313	(558,872)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment/Sale	(4,487)	12,167
Net Cash Used in Investing Activities	(4,487)	12,167
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Capital Lease Obligation	(5,091)	(4,953)
Factoring Payable	241,722	(330,475)
Shareholder and Related Party Loans	(138,000)	680,000
Payments on Notes Payable	(94,314)	(378,867)
Stock Issued in Exchange for Cash		581,000
Bank Overdraft	(493,021)	
Net Cash Provided by Financing Activities	(488,704)	546,705

Net (Decrease) Increase in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at Beginning of Period	-	-
Cash and Cash Equivalents at End of Period	$ 172,122	$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ 4,250	$ 9,418
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Stock issued in asset acquisition agreement	$ -	$ -
Stock issued for services	$ -	$ -

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

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DIAMOND RANCH FOODS, LTD.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

(UNAUDITED)

NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN

The Company's consolidated 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 incurred an operating loss of $231,093 for the quarter ended September 30, 2007 and a net operating loss of $232,138 for the six months then ended, it has a negative stockholders equity of $2,288,924 and has a negative current ratio of $732,149.

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 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.

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 September 30, 2007, depreciation is computed as follows:

	Cost	Method	Life	Accumulated Depreciation	Net
Leasehold Improvements	$269,906	Strait Line	10 Years	$137,759	$132,147
Equipment	319,293	Strait Line	3-5 Years	264,033	55,260
	$589,199			$401,792	$187,407

Total depreciation expense for the year at September 30, 2007and 2006 was 35,464 and 42,918 respectively.

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 September 30, 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.

Comprehensive Loss

The Company has comprehensive losses which are the difference between the market price of securities received and their value at September 30, 2007.

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 six months ended September 30, 2007, the Company sold available-for-sale securities for a realized loss of $1,039,196, 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.

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 most of their position realizing a loss on securities of $35,570 thru March 31, 2007 and then $1,039,196 for the six months ended September 30, 2007. The Company has valued their remaining shares held at market, which resulted in an unrealized loss of $224,273. At September 30, 2007 the Company held 1,393,000 shares of stock valued at .044 per share for a value of $61,292.

NOTE 4 - INCOME TAXES

As of March 31, 2007, the Company had a net operating loss carryforward for income tax reporting purposes of approximately $4,700,000 to 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 rental expense for the six months ended September 30, 2007, and 2006 was $117,222 and $123,007.

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	986
2010	-
Total	$13,052

NOTE 7- 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 September 30, 2007, the company had factored receivables in the amount of $1,172,348 and recorded a liability of $1,159,648. 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 September 30, 2007, the Company has an outstanding note payable to a shareholder in the amount of $1,476,000. 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.

In September 2006, the Company received $100,000 for a convertible note bearing interest at 7.5%, convertible at 12/31/2007 to common stock at 12/31/2007 if not repaid.

Both loans have been classified as long term loans payable and accrued interest on these loans is $170,531 at September 30, 2007.

NOTE 9 - RELATED PARTY TRANSACTIONS

As of September 2007, shareholders have advanced the Company $134,554 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-SIGNIFICANT EVENT

In June of 2007 the Company has agreed in principle with a Company to act as its 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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN 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 September 30, 2007 were $2,872,682 compared to $2,889,508 for 2006, a slight decrease or $16,826.

Revenues for the six months were $6,421,071 for 2007 compared to $5,636,955 for 2006 an increase of $784,116 or 14%.

The above indicates greater sales, which was mainly a result of the takeover of an existing business a year ago.

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 September 30, 2007 was $2,358,905, generating a gross profit of $513,777, or 17.88%.

Cost of Sales for the same period in 2006 was $2,266,294, resulting in a gross profit of $623,214 or 21.57%.

Cost of Sales for the six months were $5,071,612 compared to $4,405,476 in 2006 resulting in a gross profit in 2007 of $1,349,459 compared to $1,231,479 in 2006. Gross Profit as a percentage of sales was virtually the same as it was in 2007, 21.02% and in 2006 21.84%. Management expects gross profits to increase as revenues increase and the cost of sales decrease.

EXPENSES

Our operating expenses for the three months ended September 30, 2007 was $744,870, which was an increase of $160,337 over the amount of $584,533 for the three months ended September 30, 2006. This increase was mostly attributable to the increase in size of our workforce due to the assumption of the new enterprise a year ago and ongoing costs.

Our expenses for the six months were $1,581,587 compared to $1,065,597, an increase of $515,990. This again was mostly attributed to an increase in workforce, and sales commissions based upon higher revenues.

LIQUIDITY AND CAPITAL RESOURCES

For the six months ended September 30, 2007; the Company's cash provided by operating activities totaled $665,313 and cash used for financing activities was $488,704.

PLAN OF OPERATION

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. We are able to satisfy our cash requirements, material commitments, and applicable filing fees anticipated under our obligations of the Exchange Act. Management is committed to supplement any cash shortfall, or relinquish their salaries, or a portion thereof, if cash flow from operations does not cover our cash requirements. Certain shareholders of the Company have also committed to meet our operating expenses if needed.

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. 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, 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 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 a new factor 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 all of our sales invoices and receive a 90% cash advance of the invoice amount. The balance, less 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'd 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 does 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.

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

TRENDS

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.

ITEM 3. CONTROLS AND PROCEDURES

Diamond Ranch Foods, Ltd. management, including the Principal Executive Officer and Principal Financial Officer, 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 or in other factors that could significantly affect internal controls subsequent to the date the Principal Executive Officer and Principal Financial Officer completed their evaluation.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGE IN 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 for the quarterly reporting period ended September 30, 2007.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 10QSB

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

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)

DATE: November 12, 2007

By: /s/ Louis Vucci, Jr.
Louis Vucci, Jr., President and Director

DATE: November 12, 2007

By: /s/ William DeMarzo
William DeMarzo, Chief Financial Officer

EXHIBIT 31 .1

SECTION 302 CERTIFICATION

I, Louis Vucci, Jr., certify that:

1. I have reviewed this quarterly report on form 10-QSB of Diamond Ranch Foods, Ltd.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this 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. 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 small business issuer 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 consolidated subsidiaries, 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. I have disclosed, based on my most recent evaluation of internal control over financial reporting to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: November 12, 2007

/s/ Louis Vucci, Jr.

By: Louis Vucci, Jr., President and Director

EXHIBIT 31.2

SECTION 302 CERTIFICATION

I, William DeMarzo, certify that:

1. I have reviewed this quarterly report on form 10-QSB of Diamond Ranch Foods, Ltd.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this 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. 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 small business issuer 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 consolidated subsidiaries, 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. I have disclosed, based on my most recent evaluation of internal control over financial reporting to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: November 12, 2007

/s/ William DeMarzo

By: William DeMarzo, Chief Financial Officer

EXHIBIT 32 .1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT BY

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Diamond Ranch Foods, Ltd., on Form 10-QSB for the quarter ending September 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "REPORT"), the undersigned, Louis Vucci, Jr., President of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 12, 2007

/s/ Louis Vucci, Jr.

By: Louis Vucci, Jr., President and Director

EXHIBIT 32 .2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT BY

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Diamond Ranch Foods, Ltd., on Form 10-QSB for the quarter ending September 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "REPORT"), the undersigned, William DeMarzo, Chief Financial Officer and Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 12, 2007

/s/ William DeMarzo

By: William DeMarzo, Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.