

Toro Ventures Inc.  
Form 10KSB  
September 26, 2007

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**Form 10 - KSB**

(Mark One)

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

For the Fiscal Period year ended June 30th, 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: **000-51974**

**Toro Ventures Inc.**

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

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

**N/A**  
(IRS Employer Number)

**2498 West 41st Ave, Suite 232, Vancouver B.C. V6M 2A7**

-----  
(Address of principal executive office)

**604-618-9110**

-----  
(Issuer's telephone number)

**N/A**

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

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

Securities registered under Section 12(g) of the Exchange Act: **Common Stock, \$0.001**

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

Check if there is no disclosure of delinquent filers in response to Item 405 Regulation S-B is not containing in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendments to this Form 10-KSB

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

State issuer's revenues for its most recent fiscal year - **\$0**

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. (See definition of affiliate in Rule 12b-2 of the Exchange Act.)

**Aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference as of June 30, 2007 is \$57,000.**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

**As of June 30th, 2007, there are 5,845,000 common shares outstanding.**

Transitional Small Business Disclosure Format (Check One): Yes  No

**TORO VENTURES INC.**

**FORM 10-KSB**

For the Fiscal Year ended June 30, 2007

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FORWARD LOOKING STATEMENTS

CERTAIN STATEMENTS IN THIS ANNUAL REPORT ON FORM 10-KSB, OR THE "REPORT," ARE "FORWARD-LOOKING STATEMENTS." THESE FORWARD-LOOKING STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO, STATEMENTS ABOUT THE PLANS, OBJECTIVES, EXPECTATIONS AND INTENTIONS OF TORO VENTURES INC., A NEVADA INCORPORATION AND OTHER STATEMENTS CONTAINED IN THIS REPORT THAT ARE NOT HISTORICAL FACTS. FORWARD-LOOKING STATEMENTS IN THIS REPORT OR HEREAFTER INCLUDED IN OTHER PUBLICLY AVAILABLE DOCUMENTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, OR THE "COMMISSION," REPORTS TO OUR SHAREHOLDERS AND OTHER PUBLICLY AVAILABLE STATEMENTS ISSUED OR RELEASED BY US INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH COULD CAUSE OUR ACTUAL RESULTS, PERFORMANCE (FINANCIAL OR OPERATING) OR ACHIEVEMENTS TO DIFFER FROM THE FUTURE RESULTS, PERFORMANCE (FINANCIAL OR OPERATING) OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. SUCH FUTURE RESULTS ARE BASED UPON MANAGEMENT'S BEST ESTIMATES BASED UPON CURRENT CONDITIONS AND THE MOST RECENT RESULTS OF OPERATIONS. WHEN USED IN THIS REPORT, THE WORDS "EXPECT," "ANTICIPATE," "INTEND," "PLAN," "BELIEVE," "SEEK," "ESTIMATE" AND SIMILAR EXPRESSIONS ARE GENERALLY INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS, BECAUSE THESE FORWARD-LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES. THERE ARE IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED BY THESE FORWARD-LOOKING STATEMENTS, INCLUDING OUR PLANS, OBJECTIVES, EXPECTATIONS AND INTENTIONS AND OTHER FACTORS.

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*PART I*

**Item 1. Description of Business**

Toro Ventures Inc. was incorporated in the state of Nevada on April 11, 2005. We intend to commence operations as a fast food service company. We currently own the exclusive franchisee rights in the provinces of Hubei and Beijing in China to the Big-On-Burgers Restaurants franchise, a Canadian-based fast food service provider of traditional North American cuisine such as hamburgers and French fries. We plan to begin operations of a Big-On-Burgers store in China once sufficient investment capital is raised.

On May 15, 2005, Toro Ventures Inc. signed a Master Franchise Agreement with Big-On-Burgers Restaurants, the franchisor, which grants Toro Ventures exclusive rights to open and operate Big-On-Burgers restaurants in the provinces of Hubei and Beijing in China. The agreement will be in effect for a period of ten years, terminating on April 15, 2015. The agreement also allows us to sub-license others to use the Big-On-Burgers trademark in the provinces of Hubei and Beijing in China. We may carry on the operation of any number of franchise outlets in the provinces of Hubei and Beijing in China.

In consideration for being granted the rights to the Master Franchise Agreement, we accepted to pay the following fees:

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1. We agreed to issue 275,000 shares of our common stock to the franchisor upon the signing of the franchise agreement.
2. A royalty of 5% of monthly gross sales of all of the franchised outlets operating in our exclusive territory will be remitted to the Franchisor by us by the fifteen of the following month.
3. An advertising royalty of 3% of monthly gross sales of all of the franchised outlets operating in the exclusive territory will be remitted to the franchisor by us by the fifteen of the following month.

Other than the items mentioned above, we are not required to make any other types of payments to the franchisor during the term of the agreement.

We have the option to renew this agreement for a further ten years upon the same terms and conditions, except for the fees, contained in the original Master Franchise Agreement. The renewal term commences upon the termination date of the original agreement.

The current North American fast food service industry in China is dominated by the same major players in North America. The North American firms that have the strongest position in the current fast food service industry in China is McDonald's and KFC restaurants. The Chinese population has shown a great willingness to partake in fast-food style fare, as fast food accounted for two-fifths of the total sale volume of food and beverage in China in 2000 (Source: National Bureau of Statistics, ([www.stats.gov.cn](http://www.stats.gov.cn))) Conservative estimates of annual sales of fast food were above US\$24 billion in 2000. (Source: Agriculture and Agri-Food Canada, <http://atn-riac.agr.ca/asia>)

The competition amongst these established players is intense, using price and brand imaging as their main methods of competition. Their strategies often emphasize being able to offer to their customers the lowest price and the fastest service. However, their constant emphasis on price and speed comes at the cost of sub-par quality of food and customer service.

We believe that there is currently a large need that our current competitors are not satisfying in the North American fast food service industry in China, as customers in China who are willing to pay a little extra for higher quality North American fare have no alternatives to turn to presently. Our business plan intends to service this growing niche market. We intend to use the importance we place on quality and service to differentiate our restaurant from the major fast food chains that the Chinese people currently associate with North American style cuisine. Our intention is to introduce to the Chinese population the notion that North American fast food does not necessarily mean pre-made, processed meals and that it can be fresh and of high quality.

As of to date of this filing, we have not generated any revenues, as we have had no operational activities.

Our restaurant will be subject to the regulations of the Chinese provincial health, sanitation, safety, environmental and fire agencies in the province it will be located in. We will ensure that we will be in compliance with such regulations in the future by hiring a local Chinese manager who has experience managing and operating a fast food retailer in China.

Listed below are specific government approvals we will need to apply for in order to begin operations in China:

- ◆ We must obtain approval from the Ministry of Commerce for approval to set up a foreign owned enterprise in China.
- ◆ We must register our business with the State Administration for Industry and Commerce to obtain a license to start a business in China.
- ◆ We must obtain a permit from the Food and Health ministry in order to start our restaurant.
- ◆ We must register our business with the ministry of Labour in order to hire employees.

We expect to obtain all the above and necessary government approvals by the end of November of 2007.

We currently have no employees, other than our director, because there is no operational restaurant in existence presently.

We do not have any subsidiaries.

There has been no bankruptcy, receivership, or similar proceedings.

We currently own the exclusive right to use the Big-On-Burgers trademark in the country of China.

The Big-On-Burgers trademark is not registered. However, a search was done prior to its use in order to make sure we would not be infringing any rights by using it. The trademark right to the logo is acquired through usage, representation and exposure and via the explicit identification of the letters "TM" appropriately placed beside the logo.

Other than the above, we do not own, either legally or beneficially, any patents or trademarks.

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**Item 2: Description of Property**

The Company's headquarters and executive offices are located at Suite 232-2498 West 41<sup>st</sup> Ave, Vancouver, British Columbia. Our telephone number is (604) 618-9110.

**Item 3: Legal Proceedings**

There are no existing, pending or threatened legal proceedings involving Toro Ventures Inc., or against any of our officers or directors as a result of their involvement with the Company.

**Item 4: Submission of Matters to a Vote of Security Holders**

There were no matters submitted to a vote of security holders during the quarter ended June 30, 2007.

***PART II***

**Item 5: Market for Common Equity, Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities**

The Company's Common stock is presently listed on the OTC Bulletin Board under the symbol "TORO". Our common stock has been listed on the OTC Bulletin Board since July 2007. There is currently no active trading in our common stock and there has been no active trading since our common stock has been listed on the OTC Bulletin Board. The following table sets forth the range of high and low bid prices per share of the common stock for each of the quarters identified below as reported by the OTC Bulletin Board. These quotations represent inter-dealer prices, without retail mark-up, markdown or commission, and may not represent actual transactions.

<b>Period</b>	<b>Bid Prices</b>	
	<b>High</b>	<b>Low</b>
July 11, 2007 to Present Date	-	-

As of June 30, 2007, there were approximately 35 stockholders of record of the Company's Common Stock.

The Company has not paid any cash dividends to date, and it has no intention of paying any cash dividends on its common stock in the foreseeable future. The declaration and payment of dividends is subject to the discretion of its Board of Directors. The timing, amount and form of dividends, if any, will depend on, among other things, results of operations, financial condition, cash requirements and other factors deemed relevant by the Board of Directors.

There are no outstanding options or warrants or convertible securities to purchase our common equity.

The Company has never issued securities under and does not have any equity compensation plan.

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## **Item 6: Management's Discussion and Analysis or Plan of Operation**

The following discussion and analysis provides information which management of Toro Ventures Inc. (the "Company") believes to be relevant to an assessment and understanding of the Company's results of operations and financial condition. This discussion should be read together with the Company's financial statements and the notes to financial statements, which are included in this report.

### **Overview**

Toro Ventures Inc. was incorporated in the state of Nevada on April 11, 2005. We intend to commence operations as a fast food service company. We currently own the exclusive franchisee rights in the provinces of Hubei and Beijing in China to the Big-On-Burgers Restaurants franchise, a Canadian-based fast food service provider of traditional North American cuisine such as hamburgers and French fries. We plan to begin operations of a Big-On-Burgers store in China once sufficient investment capital is raised.

### **Results of Operations**

#### **Revenues**

We did not earn any revenues during the fiscal period end June 30, 2007, nor has the Company earned any revenues since its inception date of April 11, 2005.

#### **General & Administrative Expenses**

General and administrative expenses totaled \$23,754 for the fiscal period ended June 30, 2007, compared to general and administrative expenses of \$48,096 for the fiscal period ended June 30, 2006. General and administrative expenses incurred during the fiscal period ended June 30, 2007 is largely attributed to fees paid the rent on the Company's office facilities and for professional fees related to the audit expenses and consulting fees.

We experienced a net loss of \$23,754 for the fiscal period ended June 30, 2007, compared to a net loss of \$48,096 for the fiscal period ended June 30, 2006.

### **Liquidity and Capital Resources**

As of June 30, 2007, the Company had cash of \$958. Management does not expect that the current level of cash on hand will be sufficient to fund our operation for the next twelve month period. In the event that additional funds are required to maintain operations, our officers and directors have agreed to advance us sufficient capital to allow us to continue operations. We may also be able to obtain loans from our shareholders, but there are no agreements or understandings in place currently.

We believe that we will require additional funding to expand our business and ensure its future profitability. We anticipate that any additional funding will be in the form of equity financing from the sale of our common stock. However, we do not have any agreements in place for any future equity financing. In the event we are not successful in selling our common stock, we may also seek to obtain short-term loans from our director.

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### **Item 7: Financial Statements**

The consolidated financial statements required to be filed pursuant to this Item 7 begin on page F-1 of this report.

### **Item 8: Changes In Disagreements With Accountants on Accounting and Financial Disclosure**

The Financial Statements of the Company have been audited by Fazarri + Partners, Chartered Accountants,LLP for the fiscal period ended June 30, 2007 and Gordon K.W. Gee Ltd. for the fiscal year ended 2006. There have been no changes in or disagreements with Fazarri + Partners, Chartered Accountants, LLP or Gordon K.W. Gee Ltd. on accounting and financial disclosure matters at any time.

### **Item 8A: Controls and Procedures**

Our Chief Executive Officer, President, and Chief Financial Officer (the "Certifying Officers") is responsible for establishing and maintaining disclosure controls and procedures for the Company. The Certifying Officers have designed such disclosure controls and procedures to ensure that material information is made known to them, particularly during the period in which this report was prepared. The Certifying Officers have evaluated the effectiveness of the Company's disclosure controls and procedures within 90 days of the date of this report and believe that the Company's disclosure controls and procedures are effective based on the required evaluation. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

### **Item 8B: Other Information**

None

### **Item 9: Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act**

#### **Officers and Directors**



Each of our directors serves until his or her successor is elected and qualified. Each of our officers is elected by the board of directors to a term of one (1) year and serves until his or her successor is duly elected and qualified, or until he or she is removed from office. The board of directors has no nominating, auditing or compensation committees.

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The name, age, and position of our present officers and directors are set forth below:

<b>Name</b>	<b>Age</b>	<b>Position Held</b>
Yan Liu	24	President, Principal Executive Officer, Principal Financial Officer,, Secretary Treasurer, Secretary, and Director

Each director serves until our next annual meeting of the stockholders or unless they resign earlier. The Board of Directors elects officers and their terms of office are at the discretion of the Board of Directors.

#### **Background of officers and directors**

Yan Liu has been our president, principal executive officer, principal financial officer, principal accounting officer, treasurer and a director since April 13, 2005.

Mr. Liu has a strong working background in managing fast food service restaurants in the Chinese market. From 2003 to 2004, Mr. Liu was employed as a manager of a Kentucky Fried Chicken restaurant in Ji Lin, China. From 2001 to 2003, Mr. Liu was employed as a part-time junior supervisor of a McDonald restaurant in Ji Lin, China.

Mr. Liu educational background also has prepared him for restaurant management, as he received a Bachelor of Business Management degree in Hotel and Restaurant management from the University of Ji Lin, in Ji Lin, China in 2004. The Business Management degree Mr. Liu earned encompasses basic accounting and financial theory.

#### **Audit Committee Financial Expert**

We do not have an audit committee financial expert. We do not have an audit committee financial expert because we believe the cost related to retaining a financial expert at this time is prohibitive. Further, because we are only beginning our commercial operations, at the present time, we believe the services of a financial expert are not warranted.

#### **Conflicts of Interest**

The only conflict that we foresee is that our officers and directors devote time to projects that do not involve us.

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#### **SECTION 16(A) BENEFICIAL OWNER REPORTING COMPLIANCE**

Section 16(a) of the Securities and Exchange Act of 1934 requires that the Company's directors, executive officers, and persons who own more than 10% of registered class of the Company's equity securities, or file with the Securities and Exchange Commission (SEC), initial reports of ownership and report of changes in ownership of common stock and other equity securities of the Company. Officers, directors, and greater than 10% beneficial owners are required by SEC regulation to furnish the Company with copies of all Section 16(a) reports they file. As of the fiscal year ending June 30, 2007, Form 3 reports were not timely filed by Yan Liu, the Company's sole officer and director.

**Code of Ethics**

The Company has adopted code of ethics for all of the employees, directors and officers which is attached to this Annual Report as Exhibit 14.1.

**Item 10: Executive Compensation**

The following table sets forth information with respect to compensation paid by us to our officers and directors during the four most recent fiscal years. This information includes the dollar value of base salaries, bonus awards and number of stock options granted, and certain other compensation, if any.

**Summary Compensation Table**

(a) Name and Principal Position (1)	Annual Compensation				Long Term Compensation			
	(b) Year	(c) Salary(\$)	(d) Bonus (\$)	(e) Other Annual Compensation (\$)	(f) Awards Restricted Stock Award(s) (\$)	(g) Securities Underlying Options/SARs (#)	(h) Payouts LTIP Payouts (\$)	(i) All Other Compensation (\$)
Yan Liu President, Treasurer, Secretary, and Director	2007	0	0	0	0	0	0	0
	2006	0	0	0	0	0	0	0
	2005	0	0	0	0	0	0	0

[1] All compensation received by the officers and directors has been disclosed.

**Option/SAR Grants**

There are no stock option, retirement, pension, or profit sharing plans for the benefit of our officers and directors.

**Long-Term Incentive Plan Awards**

We do not have any long-term incentive plans.

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**Compensation of Directors**

We do not have any plans to pay our directors any money.

**Indemnification**

Under our Articles of Incorporation and Bylaws of the corporation, we may indemnify an officer or director who is made a party to any proceeding, including a law suit, because of his position, if he acted in good faith and in a manner he reasonably believed to be in our best interest. We may advance expenses incurred in defending a proceeding. To the extent that the officer or director is successful on the merits in a proceeding as to which he is to be indemnified, we must indemnify him against all expenses incurred, including attorney's fees. With respect to a derivative action, indemnity may be made only for expenses actually and reasonably incurred in defending the proceeding, and if the

officer or director is judged liable, only by a court order. The indemnification is intended to be to the fullest extent permitted by the laws of the State of Nevada.

Regarding indemnification for liabilities arising under the Securities Act of 1933, which may be permitted to directors or officers under Nevada law, we are informed that, in the opinion of the Securities and Exchange Commission, indemnification is against public policy, as expressed in the Act and is, therefore, unenforceable.

**Item 11: Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The following table sets forth, as of the date of this prospectus, the total number of shares owned beneficially by each of our directors, officers and key employees, individually and as a group, and the present owners of 5% or more of our total outstanding shares. The table also reflects what their ownership will be assuming completion of the sale of all shares in this offering. The stockholders listed below have direct ownership of his/her shares and possess sole voting and dispositive power with respect to the shares. The address for each person is our address at 2498 West 41st Ave., Suite 232, Vancouver, British Columbia, V6M 2A7.

<b>Name of Beneficial Owner</b>	<b>Direct Amount of Beneficial Owner</b>	<b>Position</b>	<b>Percent of Class</b>
Yan Liu	3,000,000	President, Principal Executive Officer, Principal , Principal Accounting Officer, Treasurer, Secretary, and Director	51.33%
<b>All officers and directors as a Group (1 person)</b>			<b>51.33%</b>

**Securities authorized for issuance under equity compensation plans.**

We have no equity compensation plans.

**Item 12: Certain Relationships and Related Transactions**

We issued 3,000,000 shares of common stock to Yan Liu, our president and a member of the board of directors in April 2005, in consideration of \$3,000.

We issued 275,000 shares of common stock to Big On Burgers Restaurant in May 2005, in consideration for the rights to the Big On Burgers franchise.

**Item 13: Exhibits**

<i>Exhibit No.</i>	<i>Description</i>
3.1*	Articles of Incorporation of the Company (incorporated by reference to the Form 10-SB filed with the Securities and Exchange Commission on August 15, 2005)
3.2*	Bylaws of the Company (incorporated by reference to the Form 10-SB filed with the Securities and Exchange Commission on August 15, 2005)

10.1\* Master Franchise Agreement (incorporated by reference to the Form 10-SB filed with the Securities and Exchange Commission on August 15, 2005)

14 Code of Ethics

31 Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934 as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32 Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

#### **Item 14: Principal Accountant Fees and Services**

##### 1) Audit Fees

The aggregate fees billed for the last two fiscal years for professional services rendered by the principal accountant for the audit of the Company's annual financial statements and review of financial statements included in the Company's Form 10-QSBs or services that are normally provided by the accountant in connection with statutory and regulatory engagements for those fiscal years was:

2007 - \$8,500 Gordon K.W. Gee Ltd, Fazarri + Partners, Chartered Accountants

2006 - \$8,258 Gordon K.W. Gee Ltd.

##### 2) Audit - Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountants that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported in the preceding paragraph:

2007 - \$0 Gordon K.W. Gee Ltd, Fazarri + Partners, Chartered Accountants

2006 - \$0 Gordon K.W. Gee Ltd.

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##### 3) Tax Fees

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning was:

2007 - \$0 Gordon K.W. Gee Ltd, Fazarri + Partners, Chartered Accountants

2006 - \$0 Gordon K.W. Gee Ltd.

##### 4) All Other Fees

The aggregate fees billed in each of the last two fiscal years for the products and services provided by the principal accountant, other than the services reported in paragraphs (1), (2), and (3) was:

2007 - \$0                      Gordon K.W. Gee Ltd, Fazarri + Partners, Chartered Accountants.  
2006 - \$0                      Gordon K.W. Gee Ltd.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 26th day of September, 2007

**Toro Ventures Inc.**

(Registrant)

By: /s/ Yan Liu

Yan Liu

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Yan Liu</u>	President, CEO,CFO, Secretary, Treasurer and Director	September 26, 2007
Yan Liu		

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**TORO VENTURES INC.**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL PERIOD ENDED JUNE 30, 2007**

Fazarri + Partners  
Chartered Accountants, LLP  
  
An Incorporated Professional

3300 Highway #7  
Suite 901, Vaughn, Ontario, L4K 4M3, Canada  
Tel: 905-738-5758  
Fax: 905-660-7228

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Toro Ventures Inc.:

We have audited the accompanying balance sheet of **Toro Ventures Inc.** as at **June 30, 2007** and the statements of stockholders' equity, operations and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence

supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as at June 30, 2007 and the results of its operations and cash flows for the year then ended, in conformity with the accounting principals generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company incurred losses from operations since inception, has not attained profitable operations and is dependent upon obtaining adequate financing to fund its operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plan in regards to this matter is also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The comparative figures were reported on by another accounting firm.

/s/ "Fazzari + Partners, LLP"  
Chartered Accountants  
Licensed Public Accountants

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**Toro Ventures Inc.**

**(A Development Stage Company)**

**Balance Sheets**

**(Expressed in US dollars)**

	<b>June 30, 2007</b>	<b>June 30, 2006</b>
	(\$)	(\$)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	958	1,212
Prepaid Expenses	-	-
Investment in Franchise (See Notes 1 and 4)	25,000	25,000
Accumulated Depreciation	(5,000)	(2,500)
	20,00)	22,500

<b>TOTAL ASSETS</b>	<b>20,958</b>	<b>23,712</b>
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**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Current Liabilities**

Accounts payable and accrued liabilities	17,079	13,579
<b>Total Current Liabilities</b>	<b>17,079</b>	<b>13,579</b>

Loan From Shareholder	25,291	7,791
<b>Total Liabilities</b>	<b>42,370</b>	<b>21,370</b>

**Stockholders' Equity**

Capital Stock		
Authorized:		
75,000,000 common shares at \$0.001 par value		
Issued and fully paid		
5,845,000 common shares at par value (See Note 5)	5,845	5,845
Additional paid in capital	54,155	54,155
Deficit, accumulated during the exploration stage	(81,412)	(57,658)
<b>Total Stockholders' Equity</b>	<b>(21,412)</b>	<b>2,342</b>

<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>20,958</b>	<b>23,712</b>
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**Approved on behalf of the Board**

"Yan Liu", Director and Chief Executive Officer

**See Accompanying Notes**

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**Toro Ventures Inc.**

**(A Development Stage Company)**

**Statement of Operations and Deficit**

**(Expressed in US dollars)**

<b>Cumulative From</b>		
<b>Date of Inception on</b>	<b>For the Year Ended</b>	<b>For the Year Ended</b>
<b>April 11, 2005 to June 30, 2007</b>	<b>June 30, 2007</b>	<b>June 30, 2006</b>



**General and Administrative Expenses**

Regulatory and Transfer Agent Fees	1,545	600	695
Management Fees	9,500	-	5,500
Professional Fees	37,966	8,500	27,166
Rent	27,000	12,000	12,000
Amortization	5,000	2,500	2,500
Bank Service Charges and Interest	401	154	235
	81,412	23,754	48,096
	(81,412)	(23,754)	(48,096)

<b>Net Profit (Loss) per Common Share</b>		\$(0.00)	\$ (0.00)
Basic weighted average loss per share		\$(0.00)	\$(0.00)
Fully diluted weighted average loss per share		\$(0.00)	\$(0.00)
Basic and fully diluted weighted average number of shares		5,845,000	5,845,000

**See Accompanying Notes**

F-3

**Toro Ventures Inc.****(A Development Stage Company)****Statement of Cash Flows****(Expressed in US Dollars)**

	<b>Cumulative From Date of Inception on April 11, 2005 to June 30, 2007</b>	<b>For the Year Ended June 30, 2007</b>	<b>For the Year Ended June 30, 2006</b>
<b>Cash Provided by (Used for)</b>			
<b>Operating Activities</b>			
Net Profit (Loss) for the Period	(81,412)	(23,754)	(48,096)
Changes in non-cash working capital items			
Amortization	5,000	2,500	2,500
Prepaid Expenses	-	-	1,000
Accounts Payable and Accrued Liabilities	17,079	3,500	11,154
<b>Cash Used for operating activities</b>	<b>(59,333)</b>	<b>(17,754)</b>	<b>(8,860)</b>
<b>Financing Activities</b>			
Loan from Shareholder	25,291	17,500	7,791
Capital Stock subscribed	5,570	-	-
Additional paid in Capital	54,155	-	-

<b>Total Funds from financing activities</b>	85,291	17,500	7,791
<b>Cash Increased (Decreased) during the year</b>	958	(254)	(16,651)
<b>Cash, Beginning of Period</b>	0	1,212	17,863
<b>Cash, End of Period</b>	958	958	1,212
<b>Supplementary Cash Flow Information</b>			
Interest Paid			0
Income Tax Paid			0

**See Accompanying Notes**

F-4

**Toro Ventures Inc.**

**(A Development Stage Company)**

**Statement of Changes in Shareholders' Equity and**

**Comprehensive Income**

**(Expressed in US dollars)**

	<b>Number of Common Shares</b>	<b>Par Value</b>	<b>Additional Paid-In-Capital</b>	<b>Deficit Accumulated</b>	<b>Total Stockholders Equity (Deficit)</b>
Capital Stock Issued for Cash					
- at \$0.001	3,000,000	3,000	-		3,000
- at \$0.01	2,500,000	2,500	22,500		25,000
- at \$0.10	70,000	70	6,930		7,000
Shares Issued for Investment in Franchise	275,000		25,000		25,000
Net Loss for the period from date of inception on April 11, 2005 to June 30, 2005				(9,562)	(9,562)
<b>Balance June 30, 2005.</b>	5,845,000	5,570	54,430	(9,562)	50,438
Net Loss for the year ended June 30, 2006				(48,096)	(48,096)

<b>Balance June 30, 2006</b>	5,845,000	5,570	54,430	(57,658)	2,342
Net Loss for the year ended June 30, 2007				(23,754)	(23,754)
<b>Balance June 30, 2007</b>	5,845,000	5,570	54,430	(81,412)	(21,412)

See Accompanying Notes

F-5

**Toro Ventures Inc.**

(A Nevada Corporation)

**Notes to Financial Statements**

**Fiscal Year Ended June 30, 2007**

(Expressed in U.S. Dollars)

**1. INCORPORATION AND OPERATING ACTIVITIES**

Toro Ventures Inc. was incorporated on 11 April 2005, under the laws of the State of Nevada, U.S.A. Operations, as a development stage company started on that date, i.e., 11 April 2005.

At the period end, the Company has entered into an agreement which grants the Company exclusive rights and license in the provinces of Hubei and Beijing, China to own and operate fast food outlets, and/or sell franchises.

*Going Concern*

These financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America applicable to a going concern which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses since inception of \$81,412 to June 30, 2007. This factor creates doubt as to the ability of the Company to continue as a going concern. Realization values may be substantially different from the carrying values as shown in these financial statements should the Company be unable to continue as a going concern. Management is in the process of identifying sources for additional financing for working capital and to fund the ongoing development of the Company's business, and management proposes to develop plans to continue the business as a going concern.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Foreign Currency Translation*

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the period end exchange rate, non-monetary assets are translated at historical exchange rates and all income and expenses are translated at average exchange rates prevailing during the period. Foreign currency translation adjustments are included in income.

*Loss Per Share*

Loss per share has been calculated based on the weighted average number of shares outstanding.

*Fair Value of Financial Instruments*

The respective carrying value of certain on-balance sheet financial instruments approximate their fair values. These financial statements include cash, receivables, advances receivable, cheques issued in excess of cash, accounts payable and property obligations payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise noted, fair values were assumed to approximate carrying values for these financial instruments since they are short term in nature and their carrying amounts approximate fair values or they are receivable or payable on demand.

*Use of Estimates*

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from these estimates.

*Reporting on the costs of start-up activities*

Statement of Position 98-5 (SOP 98-5), "Reporting on the Costs of Start-Up Activities," which provides guidance on the financial reporting of start-up costs and organizational costs, to be expensed as incurred. SOP 98-5 is effective for fiscal years beginning after 15 December 1998. With the adoption of SOP 98-5, there has been little or no effect on the Company's financial statements.

*Investment in franchise*

The investment in a franchise is considered as an intangible asset with a finite life of 10 years. In accordance to FAS-142, the intangible asset has been evaluated for impairment by using discounted expected cash flows. No impairment of the intangible asset existed and as a result there is no amortization provided in the current period. The impairment, if any, will be tested and evaluated at least on an annual basis for impairment.

The investment in a franchise is stated at cost less accumulated amortization. Amortization is recorded at the following rates, based on upon the useful life of the asset:

Investment in Franchise - Straight-Line method over the useful life of the asset

June 30, 2007	Cost	Accumulated Amortization	Net Book Value
Investment in Franchise	\$25,000	\$5,000	\$25,000

*Future Income Taxes*

The company recognizes income taxes using an asset and liability approach. Future income tax assets and liabilities are computed annually for differences between the financial statements and bases using enacted tax laws and rates applicable to the periods in which the differences are expressed to affect taxable income.

*Year end*

The Company has adopted 30 June as its fiscal year end.

### 3. INVESTMENT IN FRANCHISE

On 15 May 2005 the company entered into an agreement with a Canadian company to acquire the right to establish franchise outlets in parts of the People's Republic of China. The agreement is for 10 years with an option to renew for an additional 10 years after the termination of the initial term. The consideration given for the Right is 275,000 common shares. In addition a 5% royalty is to be paid on all outlet gross sales to the franchisers along with 3% advertising royalty on all outlet gross sales.

At the period end, management believes that there is no impairment of value in the investment, because, the franchise agreement was signed just before the fiscal period end and management performed a calculation using discounted cash flow analysis, to support the lack of impairment. Furthermore, the Company is actively seeking a location for the first franchisee in the Provinces of Hubei or Beijing.

### 4. SHARE CAPITAL

Authorized - 75,000,000 common shares with a par value of \$0.001 per share.

Issued - 5,845,000 common shares at varying subscription prices.

	Shares	
	#	\$
For Cash	5,570,000	35,000
For acquisition of Franchise	275,000	25,000
Total	5,845,000	60,000

Although the shares have not been certified, the By-Laws of the Company treats all un-certified shares as certified.

### 5. INCOME TAXES

The Company has tax losses of \$81,412 which may be applied against future taxable income.

### 6. RELATED PARTY TRANSACTIONS

The director of the company has loaned \$25,291 to the Company during the period ended June 30, 2006, which is unsecured, non-interest bearing, with no specific terms of repayment.