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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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~~ANNUAL AUDITED REPORT~~
FORM X-17A-5
~~PART III~~

SEC FILE NUMBER
8- 18284

SEP 01 2004

DIVISION OF MARKET REGULATION

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 07/01/03 (MM/DD/YY) AND ENDING 06/30/04 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: DIAMANT INVESTMENT CORPORATION

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

170 MASON STREET
(No. and Street)

GREENWICH (City) CT (State) 06830 (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

HERB DIAMANT (203) 661-6410
(Area Code – Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

STANLEY E. GINSBERG, CPA
(Name – *if individual, state last, first, middle name*)

C/O GINSBERGWEISS, LLP, 1 BLUE HILL PLAZA, PEARL RIVER, NY 10965
(Address) (City) (State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not resident in United States or any of its possessions.

PROCESSED
SEP 10 2004
THOMSON FINANCIAL

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**Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)*

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

DIAMANT INVESTMENT CORPORATION

FINANCIAL STATEMENTS

JUNE 30, 2004

<u>DIAMANT INVESTMENT CORPORATION</u>

<u>REPORT PURSUANT TO RULE 17a-5(e)(4)</u>

<u>FOR THE TWELVE MONTHS ENDED JUNE 30, 2004</u>

DIAMANT INVESTMENT CORPORATION
JUNE 30, 2004

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GINSBERGWEISS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1 BLUE HILL PLAZA, P.O. BOX 1693
PEARL RIVER, NY 10965-8693

TEL. (845) 620-1600 FAX (845) 620-1613

To the Board of Directors
Diamant Investment Corporation

Gentlemen:

In planning and performing our audit of the financial statements of Diamant Investment Corporation for the twelve months ended June 30, 2004, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) and (2) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Diamant Investment Corporation that we considered relevant to the objectives stated in Rule 17a-5(g), (1) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(II) and, (2) in complying with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company (1) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; and (2) in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for determining compliance with the exemption provisions of Rule 15c3-3, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at June 30, 2004, to meet the Commission's objectives.

This report recognizes that it is not practicable in an organization the size of Diamant Investment Corporation to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

Further, that no material differences existed between our computations of your net capital, or determination of the reserve requirements, and your corresponding Focus Report Part IIA filing, except as indicated in Schedule 1.

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

We hereby attest that the requirements prescribed by the Securities and Exchange Commission for audit, under authority of Rule 17a-5, have been observed by us in the conduct of our audit.

Respectfully submitted,

GinsbergWeiss LLP

GinsbergWeiss, LLP
July 19, 2004

EXHIBIT "A"

DIAMANT INVESTMENT CORPORATION
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 2004

ASSETS

Cash in banks - unrestricted	$ 140,645
Cash in banks - restricted	85,637
Total cash	226,282
Clearing organization deposits	75,000
Securities owned	
Marketable securities owned, at market	571,786
Not readily marketable securities, at cost	3,300
Membership in exchange, at cost	908
Automobiles, furniture, fixtures, and equipment - net of accumulated depreciation of $90,798	55,594
Security deposits	1,458
Secured demand notes	400,000
Dividend and interest receivable	1,246
Federal income tax receivable	2,903
Deferred income taxes	3,000
Total assets	$ 1,341,477

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities	
Customer payables - securities account	$ 33,447
Non customer payables	91,360
Payroll taxes payable	8,234
Accrued expenses	3,832
State income tax payable	1,204
Total liabilities	138,077
Subordinated borrowings	400,000
Stockholders' equity	
Common stock - no par, 100 shares authorized, issued and outstanding	85,000
Additional paid-in capital	76,326
Retained earnings	642,074
Stockholders' equity	803,400
Total liabilities and stockholders' equity	$ 1,341,477

See accountants' audit report and accompanying notes.

EXHIBIT "B"

DIAMANT INVESTMENT CORPORATION
STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED JUNE 30, 2004

Income		
Commissions	$	127,787
Trading		158,623
Interest and dividends		16,914
Account supervision and administrative fees		581,943
Non-securities income		1,276
Total income		886,543
General and administrative expenses		
Officers' salaries		288,927
Office salaries		92,943
Payroll taxes		20,218
Clearance charges		47,027
Communications		23,968
Data processing		54,638
Insurance		30,960
Rent		59,856
Automobile		8,803
Floor brokers		12,476
Travel and entertainment		10,484
Dues and assessments		19,657
Professional fees		13,879
Interest		20,021
Office		18,355
Depreciation		15,563
Advertising		900
Subscriptions		36,612
Commissions		21,946
Miscellaneous expense		481
Profit sharing contributions		49,485
Loss on impairment of fixed assets		11,000
Total general and administrative expenses		858,199
Income before provision for income taxes		28,344
Provision for income taxes		1,699
Net income	$	26,645

See accountants' audit report and accompanying notes.

EXHIBIT "C"

DIAMANT INVESTMENT CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE TWELVE MONTHS ENDED JUNE 30, 2004

Common stock - June 30, 2004		$ 85,000
Additional paid-in capital - June 30, 2004		76,326
Retained earnings - July 1, 2003	$ 615,429	
Net income	26,645	
Retained earnings - June 30, 2004		642,074
Stockholders' equity - June 30, 2004		$ 803,400

See accountants' audit report and accompanying notes.

EXHIBIT "D"

DIAMANT INVESTMENT CORPORATION
STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2004

NO CHANGE

See accountants' audit report and accompanying notes.

EXHIBIT "E"

DIAMANT INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2004

Cash flows from operating activities	
Net income	$ 26,645
Adjustments to reconcile net income to net cash provided by (used in) operating activities	
Depreciation	15,563
Deferred income taxes	(3,000)
Loss on impairment of fixed assets	11,000
Changes in operating assets and liabilities	
Decrease in marketable securities owned, at market	55,394
Decrease in dividend and interest receivable	1,282
Increase in federal income tax receivable	(1,703)
Decrease in customer payables - securities account	(247,462)
Decrease in non customer payables	(105,657)
Increase in payroll taxes payable	1,672
Increase in accrued expenses	63
Increase in state income taxes payable	4
Net cash (used in) operating activities	(246,199)
Cash flows from investing activities	
Fixed asset additions	(33,061)
Increase in security deposits	(1,000)
Net cash (used in) investing activities	(34,061)
Net decrease in cash	(280,260)
Cash - beginning of year	506,542
Cash - end of year	$ 226,282

Supplemental disclosure of cash flow information

Cash paid during the year for	
Interest	$ 20,021
Income taxes	$ 6,398

See accountants' audit report and accompanying notes.

SCHEDULE 1

DIAMANT INVESTMENT CORPORATION
SUPPLEMENTARY SCHEDULE 1
COMPUTATION OF NET CAPITAL UNDER S.E.C. RULE 15c3-1
AS OF JUNE 30, 2004

Total ownership equity qualified for net capital		$ 803,400
Deferred income taxes		(3,000)
Subordinated borrowings allowable in computation of net capital		400,000
Total capital and allowable subordinated borrowings		1,200,400
Deductions for non-allowable assets		
Membership in exchange		908
Automobiles, furniture, and fixtures - net of accumulated depreciation		55,594
Security deposits		1,458
Not readily marketable securities, at cost		3,300
Total non-allowable assets		61,260
Net capital before haircuts		1,139,140
Haircuts		
Stocks and warrants	$ 511,068 x 15%	76,660
Money markets	$ 106,461 x 2%	2,129
Municipal bonds	$ 35,680 x 6%	2,141
Corporate bonds	$ 25,038 x 7%	1,753
		82,683
Net capital		1,056,457
Less: minimum net capital requirements		
Aggregate indebtedness method		11,598
Statutory minimum		250,000
		250,000
Capital in excess of all requirements		$ 806,457
Aggregate indebtedness		
Customer payables, net of restricted cash		$ 33,447
Deduction based upon deposits in Special Reserve Bank Accounts		(35,119)
Payroll taxes payable		8,234
Accrued expenses		3,832
State income taxes payable		1,204
Total aggregate indebtedness		$ 11,598

Capital ratio - (Maximum Allowance 1500%)

Aggregate indebtedness	11,598	= 1.10%
Net capital	1,056,457	

See accountants' audit report and accompanying notes.

SCHEDULE 1

DIAMANT INVESTMENT CORPORATION
RECONCILIATION OF SUPPLEMENTARY SCHEDULE 1
COMPUTATION UNDER S.E.C. RULE 15c3-1
AS OF JUNE 30, 2004

	Aggregate Indebtedness	Net Capital
Balance per firm's computation	$ 6,595	$ 1,058,558
Loss on impairment of fixed assets	-0-	(11,000)
Deductions for non-allowable assets	-0-	11,000
Tax expense	1,203	1,699
Other accruals	3,800	(3,800)
Balance per financial statement	$ 11,598	$ 1,056,457

See accountants' audit report and accompanying notes.

SCHEDULE 2

DIAMANT INVESTMENT CORPORATION
SUPPLEMENTARY SCHEDULE 2
RESERVE REQUIREMENTS UNDER S.E.C. RULE 15c3-3
AS OF JUNE 30, 2004

Credit factors		
Free credit balances and other credit balances in customers' security accounts	$	33,447
Customer securities failed to receive		-0-
Total credit factors		33,447
Debit factors		
Debit balances in customers' cash accounts		-0-
Customer securities failed to deliver not older than 30 days		-0-
Less: Three percent charge		-0-
Total debit factors		-0-
Net credit balance	$	33,447
Amount of excess credits at 105%	$	35,119
Compliance		
Amount held on deposit in segregated bank accounts for the exclusive benefit of customers at report date	$	85,637
Amount withdrawn from segregated bank accounts the exclusive benefit of customers on July 1, 2004 (first business day)		(40,000)
	$	45,637

See accountants' audit report and accompanying notes.

DIAMANT INVESTMENT CORPORATION
RECONCILIATION OF SUPPLEMENTARY SCHEDULE 2
COMPUTATION OF RESERVE REQUIREMENTS UNDER S.E.C. RULE 15c3-3
AS OF JUNE 30, 2004

Requirements per Schedule 2	$	35,119
Requirements per company computation		35,119
Difference	$	-0-
Amount held on deposit in reserve bank account at report date - per Schedule 2	$	85,637
Amount reported by company		85,637
Difference	$	-0-

See accountants' audit report and accompanying notes.

DIAMANT INVESTMENT CORPORATION
INFORMATION FOR POSSESSION OR
CONTROL REQUIREMENTS UNDER RULE 15c3-3
JUNE 30, 2004

1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3.)

NONE

2. Customers fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.

NONE

See accountants' audit report and accompanying notes.

DIAMANT INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 1. Nature of business

Diamant Investment Corporation (the "Company") was incorporated on November 18, 1974 in the State of Connecticut. The Company was formed for the purpose of conducting business as a broker/dealer in securities and is registered with the Securities and Exchange Commission (S.E.C.). The Company is a member of the National Association of Security Dealers (NASD) and was approved by the Boston Stock Exchange as a member organization effective November 4, 1976.

Note 2. Significant accounting policies

Security transactions

The Company self clears and handles its transactions through the facilities of the National Securities Clearing Corporation and Depository Trust Co. of New York. Certain transactions are cleared by the Company through State Street Bank, Boston.

Securities owned are carried at market value as determined by the last reported sales price on the last business day of the fiscal year.

Physical possession of certain customers securities are held by the Company. The substantial portion of the customer securities are held in trust by the Depository Trust Company and the State Street Bank.

Exchange membership

Membership in the Boston Stock Exchange is carried at cost. Market value of the exchange membership is $6,000.

Restricted cash

$85,637 of the total restricted cash has been segregated in a special reserve bank account for the benefit of customers under rule 15c3-3 of the Securities and Exchange Commission.

Payable to customers

Payable to customers include amounts due on cash transactions.

DIAMANT INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 2. Significant accounting policies (continued)

Depreciation

Depreciation is provided using accelerated methods over the estimated useful lives of the assets as follows:

	Estimated Useful Lives
Automobiles	5 years
Furniture, fixtures and equipment	3-7 years

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 3. Securities owned and sold, not yet purchased

Marketable securities owned and sold, not yet purchased, consist of trading and investment securities at market values, as follows:

	Owned	Sold not yet purchased
Corporate stocks	$ 462,988	$ -0-
REITs	48,080	-0-
Municipal bonds	35,680	-0-
Corporate bonds	25,038	-0-
	$ 571,786	$ -0-

Note 4. Automobile, furniture, fixtures and equipment

Automobile, furniture, fixtures and equipment are summarized as follows:

Automobiles	$ 101,708
Furniture, fixtures and equipment	55,684
	157,392
Less: accumulated depreciation	(90,798)
	$ 66,594

Note 5. Bank loan

The Company has a short-term credit facility available. When drawn upon, interest is charged at the broker loan rate which was 3.0% at June 30, 2004. The loan is fully collateralized by certain marketable securities which are owned by the Company. The maximum amount that can be borrowed against the collateral is 85% of the pledged securities. The loan balance and collateral balance as of June 30, 2004 is $0 and $0, respectively.

Note 6. Subordinated borrowings

The Company has entered into secured demand note collateral agreements, in the amount of $400,000, with its two stockholders. These agreements bear interest at the rate of 5% per annum and mature on March 31, 2005. Interest expense for the year ended June 30, 2004 was $20,000.

The subordinated borrowings are available in computing net capital under the SEC's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

Note 7. Retirement plan

The Company has a qualified profit sharing plan whereby contributions are made at the discretion of the Board of Directors. The Company's Board of Directors can elect to have the Company contribute up to 15% of the total compensation of all eligible participants to the profit sharing plan. The total amount contributed to the plan for the twelve months ended June 30, 2004 was $49,485.

Note 8. Net capital

Under the computation of the net capital rule, the Company is required to maintain "Net Capital" equal to the greater of $250,000 or 6.67 percent of "Aggregate Indebtedness" as those terms are defined in the rule. At June 30, 2004 the Company had a net requirement of $250,000 and net capital of $1,056,457.

Note 9. Income taxes

The Company is subject to Federal and Connecticut corporation taxes. Income taxes currently payable are based on the taxable income for the year. Deferred income taxes are provided for the impairment loss on fixed assets which is recognized in different periods for tax and financial reporting purposes.

DIAMANT INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 9. Income taxes (continued)

The provision for income taxes consists of the following:

Current:	
Federal	$ 1,662
State	3,037
	$ 4,699
Deferred	
Federal	$ (2,300)
State	(700)
	$ (3,000)
Total	$ 1,699

Note 10. Related party transactions

The Company has entered into an agreement with an affiliated company, Diamant Asset Management Inc., to provide management and administrative services. This affiliated company is registered with the Securities and Exchange Commission. The Company charges the affiliated company for data processing, occupancy and administrative expenses. These amounts are included in the statement of income in the amount of $506,169 as of June 30, 2004. In addition, $81,860 was due to the affiliate as of June 30, 2004 and is included in non-customer payables.

The Company paid interest of $20,000 to the company's stockholders as more fully explained in Note 6.

Note 11. Commitments and contingencies

The Company is obligated under an operating lease for office space through December 31, 2004. The minimum net rentals for the year end June 30 are as follows:

June 30, 2005	$ 30,936

The lease expense for the 12 months ending June 30, 2004 was $59,856.

The Company leases various equipment under oral arrangements on a month to month basis at a rental of $3,922 per month.

A copy of the Company's financial statements, as of June 30, 2004, pursuant to SEC Rule 17a-5 is available for inspection at the Company's office and at the regional office of the Securities and Exchange Commission.

GINSBERGWEISS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1 BLUE HILL PLAZA, P.O. BOX 1693
PEARL RIVER, NY 10965-8693

TEL. (845) 620-1600 FAX (845) 620-1613

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Diamant Investment Corporation

We have audited the accompanying statement of financial condition of Diamant Investment Corporation as of June 30, 2004, and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that you are filing pursuant of rule 17a-5 under the Securities Exchange Act of 1934. 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diamant Investment Corporation, as of June 30, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

GinsbergWeiss LLP

GinsbergWeiss, LLP
July 19, 2004