

Diamond Ranch Foods, Ltd., NEW  
Form 10-Q  
February 12, 2009

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

**FORM 10-Q  
(MARK ONE)**

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

**FOR THE QUARTERLY PERIOD ENDED: DECEMBER 31, 2008**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

*Commission file number 000-51206*

**Diamond Ranch Foods, Ltd.**

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

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

**20-1389815**  
(IRS Employer Identification No.)

**355 Food Center Drive B-1  
Bronx, NY 10474**  
(Address of principal executive offices)

**(718) 991-9595**  
(Issuer's telephone number)

**N/A**

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of January 23, 2009, the issuer had 10,777,800 shares of its common stock issued and outstanding.

---

**PART 1 FINANCIAL INFORMATION**

**Item 1. Financial Statements**



**DIAMOND RANCH FOODS, LTD.****BALANCE SHEETS**

	(Unaudited)	
	December 31,	March 31,
	2008	2008
<b>ASSETS:</b>		
Current Assets:		
Cash in Bank	\$ 26,180	\$ 20,791
Marketable Securities	37,430	44,080
Accounts Receivable Factored	512,498	718,675
Accounts Receivable-Non Factored-Net	234,636	75,940
Inventory	180,489	171,815
Prepaid Expenses	26,233	29,413
Total Current Assets	1,017,466	1,060,714
Fixed Assets Net	123,192	149,133
Other Assets:		
Deposits	4,335	3,335
Total Other Assets	4,335	3,335
Total Assets	\$ 1,144,993	\$ 1,213,182
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Bank Overdraft	\$	\$ -
Accounts Payable and Accrued Expenses	1,564,773	1,225,395
Factoring Line of Credit	508,690	706,935
Notes Payable	100,000	100,000
Capital Lease Obligation	5,415	12,065
Total Current Liabilities	2,178,878	2,044,395
Non-current Liabilities:		
Capital Lease Obligation		986
Shareholder Loans	2,054,369	1,982,657
Interest Payable	302,915	218,289
Total Long Term Liabilities	2,357,284	2,201,932

TOTAL LIABILITIES		4,536,162		4,246,327
STOCKHOLDERS' EQUITY (DEFICIT)				
Preferred Stock, authorized 10,000,000 shares, par value \$.0001, 5,284,000 shares issued and outstanding, respectively		528		528
Common Stock, authorized 500,000,000 shares, \$.0001 par value, 10,777,800 and 33,275 shares issued and outstanding, respectively		1,077		3
Additional Paid-In Capital		3,966,610		3,805,768
Treasury Stock		(100,000)		(100,000)
Comprehensive Income				-
Retained Earning (Deficit)		(7,259,384)		(6,739,444)
Total Stockholders' (Deficit)		(3,391,169)		(3,033,145)
Total Liabilities and Stockholders' Equity	\$	1,144,993	\$	1,213,182

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

**DIAMOND RANCH FOODS, LTD**

**STATEMENTS OF OPERATIONS**

(UNAUDITED)

	For the three months ended December 31,		For the nine months ended December 31,	
	2008	2007	2008	2007
Revenues	\$ 1,631,714	\$ 2,840,463	\$ 5,229,580	\$ 9,261,534
Cost of Goods Sold	1,227,917	2,109,289	3,923,847	7,180,901

Edgar Filing: Diamond Ranch Foods, Ltd., NEW - Form 10-Q

Gross Profit	\$	403,797	\$	731,174	\$	1,305,733	\$	2,080,633
Expenses:								
Payroll		151,289		237,015		516,955		761,582
Factoring Fee		19,672		41,234		65,747		159,979
Rent Expense		45,482		52,543		139,760		169,765
Depreciation & Amortization		10,258		18,292		30,102		53,756
General & Admin.		259,480		167,686		746,073		749,335
Sales Commission		46,413		95,875		149,241		299,825
Total Expenses	\$	532,594	\$	612,645	\$	1,647,878	\$	2,194,242
Operating Income (Loss)		(128,797)		118,529		(342,145)		(113,609)
Other Income		6,515		(20,596)		33,240		2,321
Realized Loss on Sale of Securities		(6,376)		(245,670)		(4,129)		(1,284,856)
Interest Expense		(51,799)		(25,161)		(206,906)		(74,793)
Net Income (Loss)	\$	(180,457)	\$	(172,888)	\$	(519,940)	\$	(1,470,937)
Basic & diluted loss per share	\$	(0.02)	\$	(5.17)	\$	(.132)	\$	(43.12)
Weighted Avg. Shares Outstanding		10,777,800		33,448		3,927,000		34,114

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

**DIAMOND RANCH FOODS, LTD****STATEMENTS OF CASH FLOWS**

(UNAUDITED)

For the nine months ended  
December 31,

	2008		2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Profit (Loss)	\$ (519,940)	\$	(1,470,937)
Adjustments to reconcile net loss to net cash			
Provided by operating activities			
Depreciation and Amortization	30,102		53,876
Stock issued	108,200		2,000
(Increase) Decrease in Inventory	(8,674)		(127,138)
(Increase) Decrease in Accounts Receivable	47,481		199,568
(Increase) Decrease in Deposits and Prepaids	2,180		129,705
(Decrease) Increase in Accounts Payable and Accrued Expenses	339,378		322,176
(Decrease) Increase in Interest Payable	84,626		63,865
Net Cash Used in Operating Activities	83,353		(826,885)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Changes in Marketable Securities	6,650		1,585,215
Purchase of Equipment/Sale	(4,161)		(4,607)
Net Cash Used in Investing Activities	2,489		1,580,608
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Bank Overdraft Decrease			(493,021)
Payments on Capital Lease Obligation	(7,637)		(5,091)
Factoring Payable	(198,245)		74,174

Edgar Filing: Diamond Ranch Foods, Ltd., NEW - Form 10-Q

Shareholder and Related Party Loans	71,712	37,689
Payments on Notes Payable/Related party forgiveness	53,717	(19,314)
Stock Issued in Exchange for Cash/(Debt) Satisfaction		(300,000)
Net Cash Provided by Financing Activities	(80,453)	(705,563)
Net (Decrease) Increase in Cash and Cash Equivalents	5,389	48,160
Cash and Cash Equivalents at Beginning of Period	20,791	-
Cash and Cash Equivalents at End of Period	\$ 26,180	\$ 48,160

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:

Interest	\$ 45	\$ 10,928
----------	-------	-----------

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Stock issued in asset acquisition agreement	\$ -	\$ -
Stock issued for services	\$ 8,200	\$ 2,000

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



**DIAMOND RANCH FOODS, LTD.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2008**

**(UNAUDITED)**

**NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN**

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustment relating to recoverability and classification of recorded amounts of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company incurred an operating loss of \$342,145 for the nine months ended December 31, 2008 and a net operating loss of \$128,797 for the three months then ended, and has a negative stockholders equity of \$3,391,169 and has a negative current ratio of \$1,161,412.

The Company's continued existence is dependent upon its ability to continue to execute its operating plan and to obtain additional debt or equity financing. There can be no assurance the necessary debt or equity financing will be available, or will be available on terms acceptable to the Company.

Management plans include acquiring additional meat processing and distribution operations and obtaining additional financing to fund payment of obligations and to provide working capital for operations and to finance future growth. The Company is actively pursuing alternative financing and has had discussions with various third parties, although no firm commitments have been obtained. In the interim, shareholders of the Company have committed to meeting its operating expenses. Management believes these efforts will generate sufficient cash flows from future operations to pay the Company's obligations and realize other assets. There is no assurance any of these transactions will occur.

**Organization and Basis of Presentation**

The Company was incorporated under the laws of the State of Florida on November 30, 1942 under the name Jerry's Inc. The Company ceased all operating activities during the period from January 1, 1998 to March 8, 2004 and was considered dormant. On March 8, 2004 the Company changes its domicile to the State of Nevada. On March 30, 2004, the company changed its name to Diamond Ranch Foods, Ltd.

On May 1, 2004, the shareholders of the Diamond Ranch Foods, Ltd. (formerly Jerry's Inc.) completed a stock purchase agreement with MBC Foods, Inc., a Nevada corporation. The merger was accounted for as a reverse merger, with MBC Foods, Inc. being treated as the acquiring entity for financial reporting purposes. In connection with this merger, Diamond Ranch Foods, Ltd. (formerly Jerry's Inc.) issued 31,607,650 shares of common stock for the acquisition of MBC Foods, Inc. which was recorded as a reverse merger and shown on the Statement of Stockholders Equity as a net issuance of 25,692,501 shares.

For financial reporting purposes, MBC Foods, Inc. was considered the new reporting entity.

**Nature of Business**

The Company is a meat processing and distribution company now located in the Hunts Point Coop Market, Bronx, NY. The Companies operations consist of packing, processing, labeling, and distributing products to a customer base, including, but not limited to; in-home food service businesses, retailers, hotels, restaurants, and institutions, deli and catering operators, and industry suppliers.

**NOTE 2 - SUMMARY OF ACCOUNTING POLICIES**

This summary of accounting policies for Diamond Ranch Foods, Ltd. is presented to assist in understanding the Company's financial statements. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**Reverse Stock Split**

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

**Use of Estimates**

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the balance sheet and statement of operations for the year then ended. Actual results may differ from these estimates. Estimates are used when accounting for allowance for bad debts, collect ability of accounts receivable, amounts due to service providers, depreciation and litigation contingencies, among others.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

**Revenue recognition**

The Company derives its revenue from the sale of meat products, and the revenue is recognized when the product is delivered to the customer.

**Concentration of Credit Risk**

The Company has no significant off-balance sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements.

**Fixed Assets**

Fixed assets are recorded at cost. Major renewals and improvements are capitalized, while maintenance and repairs are expensed when incurred. As of December 31, 2008, depreciation is computed as follows:

	Cost	Method	Life	Accumulated Depreciation	Net
Leasehold Improvements	\$269,906	Strait Line	10 Years	\$171,498	\$98,408

Equipment	321,973	Strait Line	3-5 Years	297,189	24,784
	\$591,879			\$468,687	\$123,192

Total depreciation expense for the nine months ended December 31, 2008 was \$30,102.

7

---

### 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 December 31, 2008 and 2007.

### Income Taxes

The Company accounts for income taxes under the provisions of SFAS No.109, "Accounting for Income Taxes." SFAS No.109 requires recognition of deferred income tax assets and liabilities for the expected future income tax consequences, based on enacted tax laws, of temporary differences between the financial reporting and tax bases of assets and liabilities.

### Inventory

Inventory consists of finished meat products, and is valued at the lower of cost, determined on the first-in, first-out basis (FIFO), or market value.

### Marketable Securities

Marketable securities consist of publicly-traded securities that are classified as available-for-sale securities. On the balance sheet, available-for-sale securities are classified as current assets. Available-for-sale securities are recorded at fair market value based upon quoted market prices. Unrealized gains and losses, net of related income taxes, are recorded in accumulated other comprehensive income (loss) in stockholders' equity (deficit).

Realized gains and losses from the sale of available-for-sale securities are recorded in other income (expense) and are computed using the specific identification method. During the nine months ended December 31, 2008, the Company sold available-for-sale securities for a realized loss of \$4,129 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**

At December 31, 2008 the company held securities in two companies valued at \$37,430, the former was a position of 755,000 shares valued at market of .038 cents per share, the latter was 460,000 shares at .019 cents per share.

**NOTE 4 - INCOME TAXES**

As of March 31, 2008, the Company had a net operating loss carryforward for income tax reporting purposes of approximately \$6,000,000 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.

	2008
Net Operating Losses	\$ 1,860,000
	-
Valuation Allowance	(1,860,000)
	\$ -

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and cause a change in management's judgment about the recoverability of deferred tax assets, the impact of the change on the valuation is reflected in current income.

**NOTE 5 - OPERATING LEASE COMMITMENTS**

The Companies operating facility consists of approximately 3,500 sq. ft. The Company leases the space on a month-to-month basis.

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

**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	5,419
2009	-
2010	-
Total	\$5,419

9

**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 December 31, 2008, the company had factored receivables in the amount of \$512,498 and recorded a liability of \$456,715 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 December 31, 2008, the Company has an outstanding note payable to a shareholder in the amount of \$2,054,369. 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 12/31/2008 to common stock at 12/31/2008 if not repaid. The note was not repaid and the parties are negotiating.

Accrued interest on these loans is \$302,915 at December 31, 2008.

**NOTE 9 - RELATED PARTY TRANSACTIONS**

On September 22, 2008 the Company issued 2,000,000 restricted shares to its President, Louis Vucci and 30,000 shares to a family member for services rendered. The shares were valued at the last trade price or market price.

**NOTE 10-SIGNIFICANT VENDOR**

At December 31, 2008 the Company was indebted to a vendor representing 94% of the total payables. While the Company can if needed replace this vendor in buying product to sell, the loss of this relationship would have a material impact on the Company.

**NOTE 11-COMMON STOCK TRANSACTIONS**

During the nine months ended December 31, 2008 the Company rescinded 500 post split shares and issued for



services 10,745,025 shares for services valued at market at \$108,200.

**NOTE 12 SUBSEQUENT EVENT**

In January of 2009 the Company moved to a new facility in the Hunts Point Coop Market Terms of the lease agreement are as follows:

Monthly Rent of : \$ 9,000.00

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

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

### **SALES**

Our revenues from operations for the three months ended December 31, 2008 were \$1,631,714 compared to \$2,840,463 for 2007, a decrease of \$1,208,749 or 42.6%. The reason for the decrease was mostly a decision to concentrate on higher gross profit items as well as the overall downturn in the economy.

Revenues for the nine months were \$5,229,580 for 2008 compared to \$9,261,534 for 2007 a decrease of \$4,031,954 or 43.5%.

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

Our cost of sales for the three months ended December 31, 2008 was \$1,227,917, generating a gross profit of \$403,797, or 24.7%.

Cost of Sales for the same period in 2007 was \$2,109,289, resulting in a gross profit of \$731,174 or 25.7%.

Cost of Sales for the nine months were \$3,923,847 compared to \$7,180,901 in 2007 resulting in a gross profit in 2008 of \$1,305,733 compared to \$2,080,633 in 2007. Gross Profit as a percentage of sales was 25.0% in 2008 compared to 22.46 in 2007. Management expects gross profits to maintain as revenues increase.

### **EXPENSES**

Our operating expenses for the three months ended December 31, 2008 was \$532,594 compared to \$612,645 in 2007. The decrease was attributable to reduction in our payroll, factoring fees, rental and sales commissions., .

Our expenses for the nine months were \$1,647,878 compared to \$2,194,242, a decrease of \$546,364.

### **LIQUIDITY AND CAPITAL RESOURCES**

For the nine months ended December 31, 2008; the Company's cash used by operating activities totaled \$83,353 and cash provided by financing activities was \$80,453.

### **SALES AND COLLECTION PROCEDURES**

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

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

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

## **ACQUISITIONS**

We will need to raise additional funds should management decide to acquire existing like-minded businesses. Certain candidates have been identified however no definitive agreements exist. We have targeted several businesses for acquisition in New York City. We would acquire 100% of the stock and operations of these entities, including, without limitation, all rights, title, know-how, assignment of property leases, equipment, furnishings, inventories, processes, trade names, trademarks, goodwill, and other assets of every nature used in the entities' operations.

All of the facilities that may be acquired are centrally located within the historic Gansevoort market in lower Manhattan, thus affording the Company the ability to take advantage of the economies of scale for delivery, purchasing, and other daily operating responsibilities.

If we were successful in raising funds through the sale of our common stock, and were able to enter into negotiations for the purchase of any and/or all of the selected businesses, initially no changes in day-to-day operations in any acquired facilities would be necessary.

No negotiations have taken place, and no contracts have been entered into, to purchase any such businesses described herein. We assume that if such purchase(s) were to be completed, additional funds would be required to renovate the existing facilities, as well as improve or replace machinery as prescribed by the existing landlord or pursuant to USDA regulation.

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

## **TRENDS**

Although restaurant menus follow public consumption trends, the Company supplies a wide variety of specialty products and cuts to its customers. The selection of value-added products can be adjusted to consumer trends very easily. These items typically produce higher margin returns. The Company inventories many products, so if beef preferences increase and poultry preferences decrease, Company sales would shift by item but remain stable by

volume. The Company would preserve its financial condition should public consumption trends change by adjusting its inventory and buying cycles.

Management has perceived a variety of recent trends that have had a material impact on our current revenues and our projected revenues for the coming quarters. Meat consumption has dramatically increased overall due to dieting habits; most famously known is The Atkins Diet, as well as other diets, that emphasize high-protein, low-carbohydrate intake. These diets suggest eating meats, including red, instead of high carbohydrate foods, and specifically recommend avoiding refined carbohydrates. High protein consumption has become a part of American culture, more than a societal tendency, in that in order to meet increasing customer requests for low-carb type items. 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. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK RISKS RELATED TO OUR BUSINESS**

#### **We Have Historically Lost Money and Losses May Continue in the Future**

We have historically lost money. The loss for the fiscal year March 31, 2008 was \$979,168 and future losses are likely to occur. Accordingly, we may experience significant liquidity and cash flow problems if we are not able to raise additional capital as needed and on acceptable terms. No assurances can be given we will be successful in reaching or maintaining profitable operations.

#### **We Will Need to Raise Additional Capital to Finance Operations**

Our operations have relied almost entirely on external financing to fund our operations. Such financing has historically come from a combination of borrowings and from the sale of common stock and assets to third parties. We will need to raise additional capital to fund our anticipated operating expenses and future expansion. Among other things, external financing will be required to cover our operating costs. We cannot assure you that financing whether from external sources or related parties will be available if needed or on favorable terms. The sale of our common stock to raise capital may cause dilution to our existing shareholders. Our inability to obtain adequate financing will result in the need to curtail business operations. Any of these events would be materially harmful to our business and may result in a lower stock price.



**There is Substantial Doubt About Our Ability to Continue as a Going Concern Due to Recurring Losses and Working Capital Shortages, Which Means that We May Not Be Able to Continue Operations Unless We Obtain Additional Funding**

The report of our independent accountants on our March 31, 2008 financial statements include an explanatory paragraph indicating that there is substantial doubt about our ability to continue as a going concern due to recurring losses and working capital shortages. Our ability to continue as a going concern will be determined by our ability to obtain additional funding. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Our Common Stock May Be Affected By Limited Trading Volume and May Fluctuate Significantly**

There has been a limited public market for our common stock and there can be no assurance that an active trading market for our common stock will develop. As a result, this could adversely affect our shareholders' ability to sell our common stock in short time periods, or possibly at all. Our common stock has experienced, and is likely to experience in the future, significant price and volume fluctuations that could adversely affect the market price of our common stock without regard to our operating performance. In addition, we believe that factors such as quarterly fluctuations in our financial results and changes in the overall economy or the condition of the financial markets could cause the price of our common stock to fluctuate substantially. Substantial fluctuations in our stock price could significantly reduce the price of our stock.

**There is no Assurance of Continued Public Trading Market and Being a Low Priced Security may Affect the Market Value of Our Stock**

To date, there has been only a limited public market for our common stock. Our common stock is currently quoted on the OTCBB. As a result, an investor may find it difficult to dispose of, or to obtain accurate quotations as to the market value of our stock. Our stock is subject to the low-priced security or so called "penny stock" rules that impose additional sales practice requirements on broker-dealers who sell such securities. The Securities Enforcement and Penny Stock Reform Act of 1990 requires additional disclosure in connection with any trades involving a stock defined as a penny stock (generally, according to recent regulations adopted by the SEC, any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions that we no longer meet). For example, brokers/dealers selling such securities must, prior to effecting the transaction, provide their customers with a document that discloses the risks of investing in such securities. Included in this document are the following:

- the bid and offer price quotes in and for the "penny stock," and the number of shares to which the quoted prices apply,
- the brokerage firm's compensation for the trade, and
- the compensation received by the brokerage firm's sales person for the trade.

In addition, the brokerage firm must send the investor:

- a monthly account statement that gives an estimate of the value of each "penny stock" in the investor's account, and
- a written statement of the investor's financial situation and investment goals.

If the person purchasing the securities is someone other than an accredited investor or an established customer of the broker/dealer, the broker/dealer must also approve the potential customer's account by obtaining information concerning the customer's financial situation, investment experience and investment objectives. The broker/dealer must also make a determination whether the transaction is suitable for the customer and whether the customer has sufficient knowledge and experience in financial matters to be reasonably expected to be capable of evaluating the risk of transactions in such securities. Accordingly, the Commission's rules may limit the number of potential purchasers of the shares of our common stock.

Resale restrictions on transferring "penny stocks" are sometimes imposed by some states, which may make transaction in our stock more difficult and may reduce the value of the investment. Various state securities laws pose restrictions on transferring "penny stocks" and as a result, investors in our common stock may have the ability to sell their shares of our common stock impaired.

There can be no assurance we will have market makers in our stock. If the number of market makers in our stock should decline, the liquidity of our common stock could be impaired, not only in the number of shares of common stock which could be bought and sold, but also through possible delays in the timing of transactions, and lower prices for the common stock than might otherwise prevail. Furthermore, the lack of market makers could result in persons being unable to buy or sell shares of the common stock on any secondary market.

### **We Could Fail to Retain or Attract Key Personnel**

Our future success depends in significant part on the continued services of Louis Vucci, Jr., our President. We cannot assure you we would be able to find an appropriate replacement for key personnel. Any loss or interruption of our key personnel's services could adversely affect our ability to develop our business plan. We have no employment agreements or life insurance on Mr. Vucci.

### **Nevada Law and Our Charter May Inhibit a Takeover of Our Company That Stockholders May Consider Favorable**

Provisions of Nevada law, such as its business combination statute, may have the effect of delaying, deferring or preventing a change in control of our company. As a result, these provisions could limit the price some investors might be willing to pay in the future for shares of our common stock.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)) that are designed to be effective in providing reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (the SEC), and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

In designing and evaluating disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute assurance of achieving the desired objectives. Also, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. The design of any system of controls is based, in part, upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.



As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, management concluded that our disclosure controls and procedures are effective as of December 31, 2008 to cause the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods prescribed by SEC, and that such information is accumulated and communicated to management, including our chief executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

#### **Item 4(T). CONTROLS AND PROCEDURES**

##### **Evaluation of and Report on Internal Control over Financial Reporting**

The management of Diamond Ranch Foods, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material

misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework.

Based on its assessment, management concluded that, as of December 31, 2008, the Company's internal control over financial reporting is effective based on those criteria.

This annual report does not include an attestation report of the Company's registered accounting firm regarding internal control over financial reporting. Management's report is not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission.

### **Changes in Internal Control over Financial Reporting**

There was no change in our internal controls over financial reporting identified in connection with the requisite evaluation that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II**

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

None.

### **ITEM 1A. RISK FACTORS**

This item is not applicable as we are currently considered a smaller reporting company.

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

None

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

None.

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

None during the quarterly reporting period ended December 31, 2008.

### **ITEM 5. OTHER INFORMATION**

None.

### **ITEM 6. EXHIBITS**

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

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

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Diamond Ranch Foods, Ltd.**  
(Registrant)

By: /s/ Louis Vucci, Jr.

January 30, 2009

Louis Vucci, Jr., President  
(On behalf of the Registrant and as Principal Financial Officer)

Date: January 30, 2009 /s/ Louis Vucci, Jr .

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

Date: January 30, 2009 /s/ Philip Serlin

Philip Serlin, Chief Operations Officer and Director

**EXHIBIT 31.2**

**Diamond Ranch Foods, Ltd**

**a Nevada Corporation**

**SECTION 302**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

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

(1) I have reviewed this quarterly report on Form 10-Q of Diamond Ranch Foods, Ltd;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its unconsolidated investments, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 30, 2009

/s/ Louis Vucci, Jr.

Louis Vucci, Jr.

President (Principal Executive Officer)

---

**EXHIBIT 31.2**

**Diamond Ranch Foods, Ltd**

**a Nevada Corporation**

**SECTION 302**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Louis Vucci, Jr., certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Diamond Ranch Foods, Ltd;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its unconsolidated investments, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and



(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 30, 2009

/s/ Louis Vucci, Jr.

Louis Vucci, Jr.

Chief Financial Officer (Principal Accounting Officer)

---

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Corporate Fraud Accountability Act of 2002 (18 U.S.C. Section 1350, as adopted), Louis Vucci, Jr., President (Principal Executive Officer) of Diamond Ranch Foods, Ltd. (the "Company"), hereby certifies that, to the best of his knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended December 31, 2008 (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 30, 2009

/s/ Louis Vucci, Jr.

Louis Vucci, Jr.

President (Principal Executive Officer)

---

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**

**18 U.S.C. SECTION 1350,**  
**AS ADOPTED PURSUANT TO**  
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Corporate Fraud Accountability Act of 2002 (18 U.S.C. Section 1350, as adopted), Louis Vucci, Jr., Chief Financial Officer of Diamond Ranch Foods, Ltd (the "Company"), hereby certifies that, to the best of his knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended December 31, 2008 (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
  
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 30, 2009

/s/ Louis Vucci, Jr.

Louis Vucci, Jr.

Chief Financial Officer (Principal Accounting Officer)

---