

Diamond Ranch Foods, Ltd., NEW  
Form 10-Q  
February 19, 2010

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, 2009

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.**

(Name of small business issuer in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

**20-1389815**

(I.R.S. Employer Identification No.)

**355 Food Center Drive B-1, Bronx, NY**

(Address of principal executive offices)

**10474**

(Zip Code)

Registrant's telephone number, including area code: **(718) 991-9595**

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

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

Securities registered under Section 12(g) of the Exchange Act: **Common stock, par value \$0.0001 per share**  
(Title of Class)

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  No

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

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 December 31, 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,
ASSETS:	2009		2009
Current Assets:			
Cash in Bank	\$	65,992	\$ 7,057
Marketable Securities		67,200	62,400
Accounts Receivable Factored		515,862	318,433
Accounts Receivable-Non Factored-Net		231,929	315,854
Inventory		162,540	134,945
Prepaid Expenses		8,744	17,488
Total Current Assets		1,052,267	856,177
Fixed Assets Net		283,349	21,711
Total Assets	\$	1,335,616	\$ 877,888
LIABILITIES & STOCKHOLDERS' EQUITY			
Current Liabilities:			
Bank Overdraft	\$	6,500	\$ -
Accounts Payable and Accrued Expenses		2,366,760	1,744,568
Factoring Line of Credit		477,886	316,781
Notes Payable		70,000	60,000
Shareholder Loans		2,136,554	2,084,488
Interest Payable		404,427	335,830
Capital Lease Obligation		-	2,849
Total Current Liabilities		5,462,127	4,544,516
Non-current Liabilities:			
Note payable		-	30,000
Total Long Term Liabilities		-	30,000
TOTAL LIABILITIES		5,462,127	4,574,516

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 shares issued and outstanding, respectively	1,077	1,078
Additional Paid-In Capital	3,966,611	3,966,611
Treasury Stock	(100,000)	(100,000)
Comprehensive Income	-	-
Retained Earnings (Deficit)	(7,994,728)	(7,564,845)
Total Stockholders' (Deficit)	(4,126,512)	(3,696,828)
Total Liabilities and Stockholders' Equity	\$ 1,335,616	\$ 877,888

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

**DIAMOND RANCH FOODS, LTD**  
**STATEMENTS OF OPERATIONS**  
(UNAUDITED)

	For the three months ended		For the nine months ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Revenues	\$ 2,111,288	\$ 1,631,714	\$ 5,713,770	\$ 5,229,580
Cost of Goods Sold	1,693,950	1,227,917	4,581,399	3,923,847
Gross Profit	\$ 417,338	\$ 403,797	\$ 1,132,371	\$ 1,305,733
Expenses:				
Payroll	182,932	151,289	519,842	516,955
Factoring Fee	27,468	19,672	61,074	65,747
Rent Expense	41,129	45,482	159,782	139,760
Depreciation & Amortization	2,870	10,258	8,610	30,102
General & Admin.	198,869	259,480	526,046	746,073
Sales Commission	111,621	46,413	263,023	149,241
Total Expenses	\$ 564,889	\$ 532,594	\$ 1,538,377	\$ 1,647,878
Operating Income (Loss)	(147,551)	(128,797)	(406,006)	(342,145)
Interest Expense	(33,782)	(51,799)	(107,852)	(206,906)
Gain (loss) on Sale of Securities	-	(6,376)	83,972	(4,129)
Other Income	-	6,515	3	33,240
Net Income (Loss)	\$ (181,333)	\$ (180,457)	\$ (429,883)	\$ (519,940)
Basic & diluted loss per share	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.13)
Weighted Avg. Shares Outstanding	10,777,800	10,777,800	10,777,800	3,927,000

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,

	2009		2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Profit (Loss)	\$ (429,883)	\$	(519,940)
Adjustments to reconcile net loss to net cash	-		-
Gain on sale of marketable securities	(83,972)		-
Stock issued for services			108,200
Depreciation and Amortization	8,610		30,102
(Increase) Decrease in Marketable Securities	-		-
(Increase) Decrease in Inventory	(27,595)		(8,674)
(Increase) Decrease in Accounts Receivable	(113,504)		47,481
(Increase) Decrease in Deposits and Prepaids	8,744		2,180
(Decrease) Increase in Accounts Payable and Accrued Expenses	622,192		339,378
(Decrease) Increase in Interest Payable	68,597		84,626
 Net Cash From (Used in) Operating Activities	 53,188		 83,353
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sale of marketable securities	83,972		-
Changes in Marketable Securities	(4,800)		6,650
Purchase of Equipment/Sale	(270,248)		(4,161)
 Net Cash From (Used in) Investing Activities	 (191,076)		 2,489
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Payments on Capital Lease Obligation	(2,849)		(7,637)
Factoring Payable	161,105		(198,245)
Shareholder and Related Party Loans	52,066		71,712
Payments on Notes Payable	(20,000)		-
Related party forgiveness	-		53,717

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

Bank Overdraft	6,500	-
Net Cash Provided by Financing Activities	196,822	(80,453)
Net (Decrease) Increase in Cash and Cash Equivalents	58,935	5,389
Cash and Cash Equivalents at Beginning of Period	7,057	20,791
Cash and Cash Equivalents at End of Period	\$ 65,992	\$ 26,180

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:

Interest	\$ 39,255	\$ 45
----------	-----------	-------

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Stock issued in asset acquisition agreement	\$ -	\$ -
Stock issued for services	\$ 108,200	\$ 108,200

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

**DIAMOND RANCH FOODS, LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2009 AND 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 \$429,883 for the nine months ended December 31, 2009 and has a stockholders deficit of \$4,126,512.

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.

**Going Concern**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. However, we have experienced recurring net operating losses, had a net loss of \$429,883 for the nine months ended December 31, 2009, and have a working capital deficiency of \$4,409,860 as of December 31, 2009. These factors raise substantial doubt about our ability to continue as a going concern. Without realization of additional working capital, either through the sale of equity shares or increased revenues from operations, it would be unlikely for us to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

We will need to increase revenue and/or raise additional capital to continue our operations and will endeavor to raise funds through the sale of equity shares and increased revenues from operations.

There can be no assurance that we will continue to generate revenues from operations or obtain sufficient capital on acceptable terms, if at all. Failure to obtain such capital or generate such operating revenues would have an adverse impact on our financial position and results of operations and ability to continue as a going concern. Our operating and capital requirements during the next fiscal year and thereafter will vary based on a number of factors, including the level of sales and marketing activities for our services and products. There can be no assurance that additional private or public finances, including debt or equity financing, will be available as needed or, if available, on terms favorable to us. Any additional equity financing may be dilutive to stockholders and such additional equity securities may have rights, preferences or privileges that are senior to those of our existing common stock.

Furthermore, debt financing, if available, will require payment of interest and may involve restrictive covenants that could impose limitations on our operating flexibility. Our failure to successfully obtain additional future funding may jeopardize our ability to continue our business and operations.

If we raise additional funds by issuing equity securities, existing stockholders may experience a dilution in their ownership. In addition, as a condition to giving additional funds to us, future investors may demand, and may be granted, rights superior to those of existing stockholders.

**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 affected 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, 2009 depreciation is computed as follows:

	Cost	Method	Life	Accumulated Depreciation	Net
Property and Equipment	592,480	Straight Line	3-5 Years	309,131	283,349
	592,480			\$ 309,131	\$ 283,349

Total depreciation expense for the nine months ended December 31, 2009 was \$8,610.

### 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, 2009 and 2008.

### Income Taxes

The Company accounts for income taxes under the provisions of FASB ASC Topic, "Accounting for Income Taxes," which 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 usually recorded in accumulated other comprehensive income (loss) in stockholders' equity (deficit).

Realized gains and losses from the sale of available-for-sale securities are usually recorded in other income (expense) and are computed using the specific identification method. The Company has an agreement with the shareholder who contributed the securities whereby any realized gains or losses are added or subtracted to the shareholder loan account.

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

The adoption of these accounting standards had the following impact on the Company's statements of income and financial condition:

- *FASB ASC Topic 855, Subsequent Events* . In May 2009, the FASB issued FASB ASC Topic 855, which establish general standards of accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this Statement sets forth : (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. This FASB ASC Topic should be applied to the accounting and disclosure of subsequent events. This FASB ASC Topic does not apply to subsequent events or transactions that are within the scope of other applicable accounting standards that provide different guidance on the accounting treatment for subsequent events or transactions. This FASB ASC Topic was effective for interim and annual periods ending after June 15, 2009, which was June 30, 2009 for the Corporation. The adoption of this Topic did not have a material impact on the Company's financial statements and disclosures.
- *FASB ASC Topic 105, The FASB Accounting Standard Codification and the Hierarchy of Generally Accepted Accounting Principles* . In June 2009, the FASB issued FASB ASC Topic 105, which became the source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this FASB ASC Topic, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-SEC accounting literature not included in the Codification will become non-authoritative. This FASB ASC Topic identify the sources of accounting principles and the framework for selecting the principles used in preparing the financial statements of nongovernmental entities that are presented in conformity with GAAP. Also, arranged these sources of GAAP in a hierarchy for users to apply accordingly. In other words, the GAAP hierarchy will be modified to include only two levels of GAAP: authoritative and non-authoritative. This FASB ASC Topic is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this topic did not have a material impact on the Company's disclosure of the financial statements.

- *FASB ASC Topic 320, Recognition and Presentation of Other-Than-Temporary Impairments* In April 2009, the FASB issued FASB ASC Topic 320 amends the other-than-temporary impairment guidance in GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FASB ASC Topic does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. The FASB ASC Topic shall be effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. Earlier adoption for periods ending before March 15, 2009, is not permitted. This FASB ASC Topic does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FASB ASC Topic requires comparative disclosures only for periods ending after initial adoption. The adoption of this Topic did not have a material impact on the Company's financial statements and disclosures.
- *FASB ASC Topic 860, Accounting for Transfer of Financial Asset* In June 2009, the FASB issued additional guidance under FASB ASC Topic 860, *Accounting for Transfer and Servicing of Financial Assets and Extinguishment of Liabilities*", which improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. The Board undertook this project to address (i) practices that have developed since the issuance of FASB ASC Topic 860, that are not consistent with the original intent and key requirements of that statement and (ii) concerns of financial statement users that many of the financial assets (and related obligations) that have been derecognized should continue to be reported in the financial statements of transferors. This additional guidance requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. Enhanced disclosures are required to provide financial statement users with greater transparency about transfers of financial assets and a transferor's continuing involvement with transferred

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

financial assets. This additional guidance must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. This additional guidance must be applied to transfers occurring on or after the effective date. The Company does not anticipate that the adoption of this standard will have an effect on its financial reporting.

- *FASB ASC Topic 810, Variables Interest Entities*. In June 2009, the FASB issued FASB ASC Topic 810, which requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics: (i) The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (ii) The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance. This FASB Topic requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity and eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, which was based on determining which enterprise absorbs the majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both. This FASB ASC Topic shall be effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited.
- *FASB ASC Topic 820, Fair Value measurement and Disclosures*, an Accounting Standard Update. In September 2009, the FASB issued this Update to amendments to Subtopic 82010, *Fair Value Measurements and Disclosures*. Overall, for the fair value measurement of investments in certain entities that calculates net asset value per share (or its equivalent). The amendments in this Update permit, as a practical expedient, a reporting entity to measure the fair value of an investment that is within the scope of the amendments in this Update on the basis of the net asset value per share of the investment (or its equivalent) if the net asset value of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of Topic 946 as of the reporting entity's measurement date, including measurement of all or substantially all of the underlying investments of the investee in accordance with Topic 820. The amendments in this Update also require disclosures by major category of investment about the attributes of investments within the scope of the amendments in this Update, such as the nature of any restrictions on the investor's ability to redeem its investments at the measurement date, any unfunded commitments (for example, a contractual commitment by the investor to invest a specified amount of additional capital at a future date to fund investments that will be made by the investee), and the investment strategies of the investees. The major category of investment is required to be determined on the basis of the nature and risks of the investment in a manner consistent with the guidance for major security types in GAAP on investments in debt and equity securities in paragraph 320-10-50-1B. The disclosures are required for all investments within the scope of the amendments in this Update regardless of whether the fair value of the investment is measured using the practical expedient. The amendments in this Update apply to all reporting entities that hold an investment that is required or permitted to be measured or disclosed at fair value on a recurring or non-recurring basis and, as of the reporting entity's measurement date, if the investment meets certain criteria. The amendments in this Update are effective for the interim and annual periods ending after December 15, 2009. The adoption of this standard had no effect on the Company's financial reporting.

- *FASB ASC Topic 740, Income Taxes*, an Accounting Standard Update. In September 2009, the FASB issued this Update to address the need for additional implementation guidance on accounting for uncertainty in income taxes. The guidance answers the following questions: (i) Is the income tax paid by the entity attributable to the entity or its owners? (ii) What constitutes a tax position for a pass-through entity or a tax-exempt not-for-profit entity? (iii) How should accounting for uncertainty in income taxes be applied when a group of related entities comprise both taxable and nontaxable entities? In addition, this Updated decided to eliminate the disclosures required by paragraph 740-10-50-15(a) through (b) for nonpublic entities. The implementation guidance will apply to financial statements of nongovernmental entities that are presented in conformity with GAAP. The disclosure amendments will apply only to nonpublic entities as defined in Section 740-10-20. For entities that are currently applying the standards for accounting for uncertainty in income taxes, the guidance and disclosure amendments are effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this standard did not have an effect on the Company's financial reporting.



**NOTE 3 - MARKETABLE SECURITIES**

At December 31, 2009 the company held securities in two companies valued at \$67,200, consisting of a position of 2,400,000 shares valued at market of \$0.028 cents per share.

**NOTE 4 - INCOME TAXES**

As of March 31, 2009, the Company had a net operating loss carryforward for income tax reporting purposes of approximately \$7,500,000 to be offset against future taxable income through 2029. 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.

	2009
Net Operating Losses	\$ 2,325,000
Depreciation	-
Valuation Allowance	(2,325,000)
	\$ -
	12

---

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 at \$9,000 per month.

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

**NOTE 6 - 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, 2009 the company had factored receivables in the amount of \$515,862 and recorded a liability of \$477,886. Discounts provided during factoring of the accounts receivable have been expensed on the accompanying Statements of Operations as Factoring Fees.

**NOTE 7 LOANS PAYABLE**

As of December 31, 2009, the Company has an outstanding note payable to a shareholder in the amount of \$2,366,760. The note payable bears interest at the rate of five percent (5%) per annum and both principal and interest are due on the maturity date of the note payable, September 30, 2010. The Company has accrued approximately \$404,427 in interest on this note at December 31, 2009.

In February 2009, the Company entered into an amendment to a September 2006 agreement was entered into whereby the Company had received \$100,000 for a note indicating repayments starting February 2009 of \$5,000 per month. As of December 31, 2009 \$30,000 had been repaid.

**NOTE 8-SIGNIFICANT VENDOR**

At December 31, 2009 the Company was indebted to a vendor representing 90% 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 9 SIGNIFICANT EVENT**

In March of 2009 the Company received a petition for involuntary bankruptcy by five former shareholders who claimed they were owed money. The Company has responded to this petition disputing vigorously their claim, and asserting fraud and perjury against the former shareholders. This involuntary bankruptcy petition has been settled and dismissed with a settlement in the amount of \$125,000. The amount due will be paid through funds loaned to the Company by a shareholder.

## **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, 2009 were \$2,111,288 compared to the same period of 2008 which were \$1,631,714, an increase of \$479,574 or 22.70%. The increase which was anticipated was the result of the company's commitment to opening new accounts. The sales were generated from the sale of our meat products and services.

Our revenues from operations for the nine months ended December 31, 2009 were \$5,713,770 compared to the same period of 2008 which were \$5,229,580, an increase of \$484,190 or 8.5%. The increase which was anticipated was the result of the company's commitment to opening new accounts. The sales were generated from the sale of our meat products and services.

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

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

Our cost of sales for the three months ended December 31, 2009 was \$1,693,950, generating a gross profit of \$417,338 or 24.6%.

Our cost of sales for the three months ended December 31, 2008 was \$1,227,917 generating a gross profit of \$403,797, or 32.9%.

Our cost of sales for the nine months ended December 31, 2009 was \$4,581,399 generating a gross profit of \$1,132,371, or 24.7%.

Our cost of sales for the nine months ended December 31, 2008 was \$3,923,847 generating a gross profit of \$1,305,733, or 33.3%.

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

The reason for the reduction in gross profit was increased competition which forced us to cut our margins and the introduction of new accounts. We believe we will increase our margins during the fiscal year.

We will continue to grow through increased sales efforts made by our management team using standard marketing procedures, such as in-person sales visits and demonstrations and "warm" referrals through existing clientele.

### EXPENSES

Our Payroll expenses for the three months ended December 31, 2009 was \$27,468, which was an increase of \$31,643 over the amount of \$151,289 for the three months ended December 31, 2008. Our Payroll expenses for the nine months ended December 31, 2009 was \$519,842, which was an increase of \$2,887 over the amount of \$516,955 for the nine months ended December 31, 2008. This increase was mostly attributable to the increase in size of our workforce.

Our Rent expenses for the three months ended December 31, 2009 was \$41,129, which was a decrease of \$4,353 over the amount of \$45,482 for the three months ended December 31, 2008. Our Rent expenses for the nine months ended December 31, 2009 was \$159,782, which was an increase of \$20,022 over the amount of \$139,760 for the nine months ended December 31, 2008. This increase was mostly attributable to the increase in rent amount in connection with the rental of equipment and trucks.

Our Sales Commission for the three months ended December 31, 2009 was \$111,621, which was an increase of \$65,208 over the amount of \$46,413 for the three months ended December 31, 2008. Our Sales Commission for the nine months ended December 31, 2009 was \$263,023, which was an increase of \$113,782 over the amount of \$102,828 for the nine months ended December 31, 2008. This increase is attributable to the shifting to commission-based expenses from salary-based expense.

Our General and Administrative expenses during the three months ended December 31, 2009 decreased to \$198,869 from \$259,480 or \$60,611.

Our General and Administrative expenses during the nine months ended December 31, 2009 decreased to \$526,046 from \$746,073 or \$220,027. The decrease was attributable to lower truck and maintenance costs, insurance, travel, union fees, office expenses and professional.

### LIQUIDITY AND CAPITAL RESOURCES

For the Nine-Months ended December 31, 2009; the Company's cash from operating activities totaled \$53,188, cash used in investing activities was \$191,076 and cash provided by financing activities was \$196,822.

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

### PLAN OF OPERATION

For the next twelve months we plan to operate the business using our new methods. We will continue to outsource manufactured products. We will continue to increase sales using commission-based salesmen. Management continuously evaluates operating practices and is ready to make modifications to our present-day operations when necessary. We feel our attempts to be more efficient have proven viable since our losses have decreased for the nine months ended December 31, 2009 as compared to the losses for the nine months ended December 31, 2008. With a continuous increase in revenues and the continued implementation of stringent purchasing controls, we believe an increase in gross profit will occur, leading to increased net profits. The Company's long-term existence is dependent upon our ability to execute our operating plan and to obtain additional debt or equity financing to fund payment of obligations and provide working capital for operations. There can be no assurance the necessary debt or equity financing will be available, or will be available on terms acceptable to the Company.

We intend to expand our business through acquisitions of additional meat distribution operations, but that would require obtaining debt or equity financing to finance this future growth as is indicated in our auditor's going concern opinion. In preparation for such expansion, we have engaged in several substantive discussions with prospective equity investors. To date, no terms have been finalized or contracts signed, and although there is no guarantee, we anticipate finalizing favorable financing terms for our business to continue as a going concern.

### SALES AND COLLECTION PROCEDURES

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

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 and surrounding areas. 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.

16

---

All of the facilities that may be acquired are located within the tri-state area, 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, one of our customers, TGI Friday's, has become an Atkins Nutritional Approach partner by featuring a selection of Atkins-approved menu items. We consider that the market research conducted by this customer was ample to effectuate such a menu change and concurs with our perception that the demand for beef, poultry, and other meats is a continuing and upwards trend. We substantiate the same claims through our own customers' purchasing trends which are evidenced by our increased revenues. The marketplace also indicates that poultry consumption is rising steadily. In order to maximize this trend, we are expanding our pre-cooked poultry offerings to all food providers, as well as those without full-service cooking establishments. Aside from the lack of a cooking facility, many purveyors seek pre-cooked poultry for safety reasons since these products offer a significantly low safety risk at causing bacterial cross-contamination. We offer pre-cooked items currently, and feel that making the investment to market

these products under own branded name will increase our revenue due to heightened product awareness and our reputation for quality-conscious production methods.

### **Critical Accounting Policies**

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect our reported assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities.

We base our estimates and judgments on historical experience and on various other assumptions we believe to be reasonable under the circumstances. Future events, however, may differ markedly from our current expectations and assumptions. While there are a number of significant accounting policies affecting our consolidated financial statements, we believe the following critical accounting policies involve the most complex, difficult and subjective estimates and judgments.

### **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, 2009 was \$825,401 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.

### **Doubt as to Ability to Continue as Going Concern**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. However, we have experienced recurring net operating losses, had a net loss of \$429,883 for the nine months ended December 31, 2009, and have a working capital deficiency of \$4,409,860 as of December 31, 2009. These factors raise substantial doubt about our ability to continue as a going concern. Without realization of additional working capital, either through the sale of equity shares or increased revenues from operations, it would be unlikely for us to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

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

We will need to increase revenue and/or raise additional capital to continue our operations and will endeavor to raise funds through the sale of equity shares and increased revenues from operations.

There can be no assurance that we will continue to generate revenues from operations or obtain sufficient capital on acceptable terms, if at all. Failure to obtain such capital or generate such operating revenues would have an adverse impact on our financial position and results of operations and ability to continue as a going concern. Our operating and capital requirements during the next fiscal year and thereafter will vary based on a number of factors, including the level of sales and marketing activities for our services and products. There can be no assurance that additional private or public finances, including debt or equity financing, will be available as needed or, if available, on terms favorable to us. Any additional equity financing may be dilutive to stockholders and such additional equity securities may have rights, preferences or privileges that are senior to those of our existing common stock.

Furthermore, debt financing, if available, will require payment of interest and may involve restrictive covenants that could impose limitations on our operating flexibility. Our failure to successfully obtain additional future funding may jeopardize our ability to continue our business and operations.

If we raise additional funds by issuing equity securities, existing stockholders may experience a dilution in their ownership. In addition, as a condition to giving additional funds to us, future investors may demand, and may be granted, rights superior to those of existing stockholders.

### **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, 2009 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, 2009 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, 2009. 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.

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

Based on its assessment, management concluded that, as of December 31, 2009, 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, 2009.

23

---

**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.

24

---

**SIGNATURES**

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

**Diamond Ranch Foods, Ltd.**

(Registrant)

Date: February 17, 2010

By: /s/ Louis Vucci, Jr.

Louis Vucci, Jr., President

(On behalf of the Registrant and as  
Principal Financial Officer)

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

Date: February 17, 2010

By: /s/ Louis Vucci, Jr.

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

Date: February 17, 2010

By: /s/ Philip Serlin

Philip Serlin, Chief Operations Officer and Director