

Diamond Ranch Foods, Ltd., NEW  
Form 10-Q  
November 16, 2011

**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: SEPTEMBER 30, 2011**

**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** **20-1389815**  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

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

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

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

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)

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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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  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 November 14, 2011, the issuer had shares of its common stock issued and outstanding.

**PART 1 FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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

	<b>September 30, 2011</b>		<b>March 31, 2011</b>
	<b>(Unaudited)</b>		
<b>ASSETS</b>			
Current Assets:			
Accounts Receivable-Non Factored (Net)	\$ 665,548	\$	574,282
Inventory	36,592		95,143
Other Current Assets	2,215		2,215
Total Current Assets	704,355		671,640
Fixed Assets Net	269,851		270,768
Total Assets	\$ 974,206	\$	942,408
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 1,319,444	\$	913,377
Accounts payable Related Party	1,935,755		1,935,755
Shareholder Loans	2,654,944		2,640,942
Interest Payable	553,244		510,719
Total Current Liabilities	6,463,387		6,000,793
TOTAL LIABILITIES	6,463,387		6,000,793
<b>STOCKHOLDERS' DEFICIT</b>			
Preferred Stock, authorized 10,000,000 shares, par value \$.0001, 5,284 shares issued and outstanding as of September 30, 2011 and March 31, 2011	1		1
Common Stock, authorized 500,000,000 shares, \$.0001 par value, 11,415,300 shares issued and outstanding as of September 30, 2011 and 11,415,300 March 31, 2011	1,142		1,142
Additional Paid-In Capital	4,475,102		4,475,102
Retained Deficit	(9,965,426)		(9,534,630)
Total Stockholders' Deficit	(5,489,181)		(5,058,385)
Total Liabilities and Stockholders' Deficit	\$ 974,206	\$	942,408

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

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

	Three Months Ended		Six Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Revenues	\$ 109,325	\$ 1,928,835	\$ 1,359,629	\$ 4,138,677
Cost of Goods Sold	173,648	1,354,887	1,244,073	3,208,802
Gross Profit	(64,323)	573,948	115,556	929,875
Expenses:				
Payroll	12,657	210,178	209,471	427,403
Factoring Fee	-	1,440	8,250	16,646
Rent Expense	-	38,723	39,708	78,165
Depreciation & Amortization	500	2,707	917	21,587
General & Administrative	28,248	191,742	209,251	395,994
Sales Commission	-	127,790	36,230	259,587
Total Expenses	41,405	572,580	503,827	1,199,382
Operating Income (Loss)	(105,728)	1,368	(388,271)	(269,507)
Interest Expense	(21,262)	(21,263)	(42,525)	(42,525)
Gain on forgiveness of debt	-	55,000	-	55,000
Other Income (expense)	-	44,808	-	43,964
Net Income (Loss)	\$ (126,990)	\$ 79,913	(430,796)	\$ (213,068)
Basic & diluted loss per share	\$ (0.011)	\$ 0.007	(0.036)	\$ (0.018)
Weighted Avg. Shares Outstanding	11,415,300	11,290,300	11,415,300	11,290,300

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





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

	<b>For the six months ended</b>	
	<b>2011</b>	<b>September 30,</b>
		<b>2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	(430,796)	\$ (213,068)
		\$
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and Amortization	917	21,587
Gain on forgiveness of debt	-	(55,000)
(Increase) Decrease in Inventory	58,551	87,435
(Increase) Decrease in Accounts Receivable	(91,266)	317,385
(Increase) Decrease in Other Current Assets	-	(12,846)
Increase (Decrease) in Accounts Payable and Accrued Expenses	406,067	(180,082)
Increase in Related Party Payable	-	21,351
Increase in Interest Payable	42,525	42,515
Net Cash Provided by (Used in) Operating Activities	(14,002)	29,277
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of available for sale securities	-	22,000
Purchase of equipment	-	(10,150)
Net Cash Used in Investing Activities	-	11,850
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Bank overdraft	-	(48,660)
Shareholder Loans	14,002	125,000
Repurchase of Shares	-	(125,000)
Net Cash Provided by (Used in) Financing Activities	14,002	(48,660)
Net (Decrease) Increase in Cash and Cash Equivalents	-	(7,411)
Cash and Cash Equivalents at Beginning of Period	-	7,434
Cash and Cash Equivalents at End of Period	-	\$ 23
		\$

**SUPPLEMENTAL CASH FLOW INFORMATION:**

Cash paid during the year for:

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Interest	\$ --	\$ --
Income taxes	\$ --	\$ --

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

**DIAMOND RANCH FOODS, LTD**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2011 AND 2010**

**(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'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 pursuing all available options to generate revenues and income, including seeking other food service and meat packing businesses for acquisition and also seeking merger and acquisition opportunities outside of the current business. The Company is actively pursuing alternative financing and business acquisition opportunities and has had discussions with various third parties, although no firm commitments have been obtained.

During the Quarter ended September 30, 2011, the Company significantly curtailed operations in an effort to minimize cash outflow and preserve capital. 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. These financial statements should be read in conjunction with the Company's annual report for the year ended March 31, 2011 previously filed on Form 10-K.

**Nature of Business**

The Company is a meat and seafood processing and distribution company now located in the Hunts Point Coop Market, Bronx, NY. The Company's 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.

**Recent Accounting Pronouncements**

Recent accounting pronouncements that the Company has adopted or that will be required to adopt in the future are summarized below.

On September 30, 2009, the Company adopted updates issued by the Financial Accounting Standards Board (FASB) to the authoritative hierarchy of GAAP. These changes establish the FASB Accounting Standards Codification™ (ASC) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead the FASB will issue Accounting Standards Updates. Accounting Standards Updates will not be authoritative in their own right as they will only serve to update the Codification. These changes and the Codification itself do not change GAAP. Other than the manner in which new accounting guidance is referenced, the adoption of these changes had no impact on the Consolidated Financial Statements.

In December 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-29 (ASU 2010-29), *Business Combinations (Topic 805) – Disclosure of Supplementary Pro Forma Information for Business Combinations*. This Accounting Standards Update requires a public entity to disclose pro forma information for business combinations that occurred in the current reporting period. The disclosures include proforma revenue and earnings of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period. If comparative financial statements are presented, the pro forma revenue and earnings of the combined entity for the comparable prior reporting period should be reported as though the acquisition date for all business combinations that occurred during the current year had been as of the beginning of the comparable prior annual reporting period. The amendments in this Update affect any public entity as defined by Topic 805 that enters into business combinations that are material on an individual or aggregate basis. The amendments in this Update are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption is permitted. The Company does not expect the provisions of ASU 2010-29 to have a material effect on its financial position, results of operations or cash flows.

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In August 2009, the FASB issued ASU 2009-05, which amends ASC 820 to provide further guidance on measuring the fair value of a liability. It primarily does three things: 1) sets forth the types of valuation techniques to be used to value a liability when a quoted price in an active market for the identical liability is not available, 2) clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability, and 3) clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the

identical liability when traded as an asset in an active market, when no adjustments to the quoted price of the asset are required, are Level 1 fair value measurements. The Company's adoption of ASU 2009-05 did not have a material impact on its financial position, results of operations or liquidity.

In June 2009, the FASB issued guidance now codified as ASC Topic 105, *Generally Accepted Accounting Principles* (ASC 105), which establishes the FASB Accounting Standards Codification as the source of GAAP to be applied to nongovernmental agencies. ASC 105 explicitly recognizes rules and interpretive releases of the SEC under authority of federal securities laws as authoritative GAAP for SEC registrants. ASC 105 became effective for interim or annual periods ending after September 15, 2009. ASC 105 does not have a material impact on the Company's consolidated financial statements presented hereby.

In January 2010, the FASB issued Update No. 2010-6, *Improving Disclosures About Fair Value Measurements* (ASU 2010-6), which requires reporting entities to make new disclosures about recurring or nonrecurring fair-value measurements including significant transfers into and out of Level 1 and Level 2 fair-value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair-value measurements. ASU 2010-6 is effective for annual reporting periods beginning after December 15, 2009, except for Level 3 reconciliation disclosures, which are effective for annual periods beginning after December 15, 2010. The Company is currently evaluating the effect of this update on its financial position, results of operations and liquidity.

In October 2009, the FASB issued authoritative guidance on revenue recognition that became effective for the Company beginning July 1, 2010, with earlier adoption permitted. Under the new guidance on arrangements that include software elements, tangible products that have software components that are essential to the functionality of the tangible product will no longer be within the scope of the software revenue recognition guidance, and software-enabled products will now be subject to other relevant revenue recognition guidance. Adoption of this new guidance did not have a material impact on our financial statements.

In August 2010, the FASB issued Accounting Standards Update 2010-22 (ASU 2010-22), *Accounting for Various Topics -- Technical Corrections to SEC Paragraphs - An announcement made by the staff of the U.S. Securities and Exchange Commission*. This Accounting Standards Update amends various SEC paragraphs based on external comments received and the issuance of SAB 112, which amends or rescinds portions of certain SAB topics. The Company does not expect the provisions of ASU 2010-22 to have a material effect on its financial position, results of operations or cash flows.

In August 2010, the FASB issued Accounting Standards Update 2010-21 (ASU 2010-21), *Accounting for Technical Amendments to Various SEC Rules and Schedules: Amendments to SEC Paragraphs Pursuant to Release No. 33-9026: Technical Amendments to Rules, Forms, Schedules and Codification of Financial Reporting Policies*. The Company does not expect the provisions of ASU 2010-21 to have a material effect on its financial position, results of operations or cash flows.

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In July 2010, the FASB issued Accounting Standards Update 2010-20 (ASU 2010-20), *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. The amendments in this Update are to provide financial statement users with greater transparency about an entity's allowance for credit losses and the credit quality of its financing receivables. The disclosures about activity that occurs during the reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. The Company does not expect the provisions of ASU 2010-20 to have a material effect on its financial position, results of operations or cash flows.

In April 2010, the FASB issued Accounting Standards Update 2010-17 (ASU 2010-17), *Revenue Recognition Milestone Method (Topic 605)*. ASU 2010-17 provides guidance on applying the milestone method of revenue recognition in arrangements with research and development activities. The amendments in this Update are effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010. The Company's adoption of the provisions of ASU 2010-17 did not have a material impact on its revenue recognition.

In March 2010, the FASB issued Accounting Standards Update 2010-11 (ASU 2010-11), *Derivatives and Hedging (Topic 815): Scope Exception Related to Embedded Credit Derivatives*. The amendments in this Update are effective for each reporting entity at the beginning of its first fiscal quarter beginning after June 15, 2010. Early adoption is permitted at the beginning of each entity's first fiscal quarter beginning after issuance of this Update. The Company's adoption of the provisions of ASU 2010-11 did not have a material effect on its financial position, results of operations or cash flows.

In February 2010, the FASB Accounting Standards Update 2010-10 (ASU 2010-10), *Consolidation (Topic 810): Amendments for Certain Investment Funds*. The amendments in this Update are effective as of the beginning of a reporting entity's first annual period that begins after November 15, 2009 and for interim periods within that first reporting period. Early application is not permitted. The Company's adoption of provisions of ASU 2010-10 did not have a material effect on its financial position, results of operations or cash flows.

In February 2010, the FASB issued ASU No. 2010-09 *Subsequent Events (ASC Topic 855) - Amendments to Certain Recognition and Disclosure Requirements* (ASU 2010-09). ASU No. 2010-09 requires an entity that is an SEC filer to evaluate subsequent events through the date that the financial statements are issued and removes the requirement for an SEC filer to disclose a date, in both issued and revised financial statements, through which the filer had evaluated subsequent events. The adoption did not have an impact on the Company's financial position, results of operations or cash flows.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC did not or are not believed by management to have a material impact on the Company's present or future financial statements.

**NOTE 2 SHAREHOLDER LOANS PAYABLE**

As of September 30, 2011, the Company has outstanding notes payable to shareholders in the amount of \$2,654,944. These loans bear interest at rates of 3% per annum. Accrued interest as of September 30, 2011 was \$553,244. During the six months ended September 30, 2011, the Company borrowed \$14,002 from a shareholder and employee of the Company.

**NOTE 3 - RELATED PARTY TRANSACTIONS**

At September 30, 2011 the Company was indebted to a vendor, a related party, representing 59% 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.

## **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.

### **BUSINESS**

Our company was incorporated, as Jerry's Inc., in the State of Florida on November 30, 1942. Prior to it ceasing its operations in 1998, the company catered airline flights and operated coffee shops, lounges and gift shops at airports and other facilities located in Florida, Alabama and Georgia. The company's airline catering services included the preparation of meals in kitchens located at, or adjacent to, airports and the distribution of meals and beverages for service on commercial airline flights. The company also provided certain ancillary services, including, among others, the preparation of beverage service carts, the unloading and cleaning of plates, utensils and other accessories arriving on incoming aircraft, and the inventory management and storage of airline-owned dining service equipment. After ceasing its operations in 1998, the company remained dormant until March of 2004 when we moved our domicile to Nevada and changed our name to Diamond Ranch Foods, Ltd.

We are engaged in the meat processing and distribution industry. Our operations consist of packing, processing, custom meat cutting, portion controlled meats, private labeling, and distribution of our products to a diversified customer base, including, but not limited to; in-home food service businesses, retailers, hotels, restaurants and institutions, deli and catering operators, and industry suppliers.

We became the distributor and processor of the "All American Hamburger" and other meat products through the acquisition of MBC Foods, Inc., a second-generation family owned business on May 1, 2004.

In addition to servicing our customers with a full line of fresh meats, we also produce private-labeled and "branded" hot dogs and meats for the Hebrew National(R) Deli line in the New York Metropolitan area, as well as private-label Sabrett(R) Hamburgers for Marathon Foods.

On May 1, 2004 we issued 31,607,650 restricted shares of common stock and acquired MBC Foods, Inc. For financial reporting purposes, the transaction was recorded as a reverse merger and shown on the Statement of Stockholders Equity as a net issuance of 25,692,501 shares.

The cash flow from operations is sufficient to fund capital requirements. However, we will seek to raise additional capital through the sale of common stock to fund the expansion of our company. There can be no assurance that we will be successful in raising the capital required and without additional funds we would be unable to expand our plant,



acquire other companies, or exponentially increase our sales volume.

## **PRODUCTS AND SERVICES**

We have moved our operations in January 2009 to the Bronx terminal market which is located near our current client base and potential new customers.

### **Products**

We offer the following products, which we can prepare either fresh, frozen, or vacuum-packed:

#### **All-American Hamburger:**

We offer a proprietary-formulated hamburger called the All American Hamburger. Sizes range from 2 oz. to 12 oz. and come in round, oval, or square, as well as custom shapes.

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#### **Hebrew National(R) Line**

Quality hot dogs  
Seasoned pastramis  
Corned Beef

#### **Fresh Meats**

Beef, including steaks, roasts and ribs

Poultry  
Pork  
Veal Cutlets  
Lamb  
Gourmet cheeses, Oils and other food items

#### **Variety Meats**

Frog  
Quail, Rabbit  
Wild game (venison, boar, duck and more)

Seafood

### **Custom Cuts and Butchering**

Our butchers can process any meats as either traditional cuts or custom orders according to customer specifications. We specialize in timely delivery and service of such custom products, which can include steaks, chops and other meats, with selections from fresh or frozen packaging.

### **Distribution**

Our fleet of refrigerated trucks delivers orders throughout the NY Metropolitan area. We can also ship anywhere from coast to coast via common carrier.

Our delivery truck fleet consists of eight (8) vehicles described as follows:

2006 and 2007 Mitsubishi FE180 Trucks  
2004 Mitsubishi FEHD Truck  
2002 UD Nissan 1400

### **Equipment**

We lease or own a variety of meat processing equipment, including, but not limited to:

Band Saws  
Hamburger Formation Machines  
Overwrap Machines  
Stainless Steel Tables  
Digital Scales  
Pallet Jacks  
Platform Scales

All of the refrigeration equipment, a combination of approximately 10 compressor units contained within the premises, is owned by the Company.

### **Safety**

In order to meet the public's expectation for safe food produced in a competitive market environment, we safeguard our products to prevent food safety hazards by adhering to the USDA's Hazard Analysis of Critical Control Points (HACCP) system. Through the years, we have attempted to preserve our reputation and branded products by addressing the vital components of meat processing, such as sanitary plant conditions, regulated processing controls, observance of USDA inspections, and constant monitoring of procedures and standards to guarantee that our systems meet the increasing demands of our customers.

## COMPETITION

Our competition can be divided into two (2) primary categories. First, there are the large full line foodservice distributors, such as US Foodservice, Sysco Foods, DiCarlo Distributors, Landmark, and J. Kings. Second, there are the smaller independent jobbers.

Our advantages over the large foodservice distributors are as follows:

- 1) We have a USDA inspected facility with daily fresh custom cutting of all meats and daily fresh manufacturing of the All American Burger.
- 2) We make available daily deliveries with less stringent minimum order amounts. Many restaurants in the inner city do not have enough refrigerator or freezer storage space affording them a minimum of 2-3 deliveries per week.
- 3) We have the flexibility within our location for customers to make "last minute" call-in orders for the same day delivery or second same day deliveries for emergency situations. We have no cut-off times.
- 4) We purchase our raw product on a daily basis. This allows us to react much faster to fluctuation in market conditions whereby the larger foodservice houses cannot because of enormous inventories.
- 5) Our overall overhead is lower. The cost of our operations in proportion to our sales volume affords us the ability to be price competitive.

Our advantages over the small independent jobbers are as follows:

- 1) Since we operate an USDA inspected warehouse that enables us to custom cut and manufacture, we have the ability to eliminate the "middle man" in the chain of supply. We benefit with the additional gross profit because we also act as a supplier of our custom cut, manufactured goods to the independent jobber.
- 2) We have a facility to store inventory. This allows us to "buy in" during favorable market conditions and thus, be more price competitive.
- 3) The location of our facility allows us to satisfy last minute and emergency orders. Once the independent jobber vacates the "Meat Market" premises, he is incapable of filling any additional deliveries or providing service to his customers.
- 4) We have the ability to distribute to large retail accounts based on our USDA Inspection and Product Liability Insurance. We can offer private labeling and custom packaging to any retail chain.

## **CUSTOMERS**

There are no material contracts between the company and any of our customers. We operate an order/invoice method of operations. We have a broad and sizable customer base which does not leave us dependent on any one or even a few customers for revenue. Our largest customer comprises approximately 3.2% of our business, and our second largest comprises approximately 3.0%.

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Our customers include:

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NY Methodist Hospital

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Madison Square Garden

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NYU Langone Medical Center

.

Greenwich Water Club

.

Wykagyl Country Club

## **SALES**

Our revenues from operations for the three months ended September 30, 2011 were \$109,325 compared to the same period of 2010 which were \$1,928,835, a decrease of \$1,819,510. The decline in revenues is attributed to a decline in the sales of our meat products and services as we curtailed operations to preserve capital.

For the six months ended September 30, 2011, sales were \$1,359,629 compared to sales of \$4,138,677 for the six months ended September 30, 2010, a decrease of \$2,779,048 which resulted from our decreased revenues in the second quarter as we sought to conserve capital and restructure operations.

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

Our cost of sales for the three months ended September 30, 2011 was \$173,648, generating a gross loss of \$64,323.

Our cost of sales for the three months ended September 30, 2010 was \$1,354,887 generating a gross profit of \$573,948.

For the six months ended September 30, 2011, cost of sales was \$1,244,073 compared to \$3,208,802 for the six months ended September 30, 2010, which generated a gross profit of \$115,556 and \$929, 875, respectively. During the quarter ended September 30, 2011, we sought to conserve capital and restructure operations and margins and operations costs made the current business model unsustainable.

## **EXPENSES**

Our Payroll expenses for the three and six months ended September 30, 2011 was \$12,657, and \$209,471, respectively, which was a decrease of \$197,521 and \$217,932 from \$210,178 and \$427,403 for the three and six months ended September 30, 2010. This decrease was attributable to the decrease in size of our workforce as we curtailed operations to conserve capital.

Rent expenses for the three and six months ended September 30, 2011 was \$0 and \$39,708, which was a decrease of \$38,723 and \$38,457 over the amount of \$38,723 and \$78,165 for the three and six months ended September 30, 2010. This decrease was mostly attributable to the decrease in rent amount in connection with the termination of one of the building leases.

Our Sales Commission for the three and six months ended September 30, 2011 was \$0 and \$36,230, which was a decrease from the amount of \$127,790 and \$259,587 for the three and six months ended September 30, 2010. The decrease is due to our reduction in operating activities as we worked to conserve capital, which accounted for fewer sales and correspondingly less sales commissions.

Our General and Administrative expenses during the three and six months ended September 30, 2011 decreased to \$28,248 and \$209,251 from \$191,742 and \$395,994, respectively. As with our other revenue and expense items, the reduction is attributed to our overall decline in operations during the three months ended September 30, 2011 to preserve capital as we seek to restructure our business model.

## **LIQUIDITY AND CAPITAL RESOURCES**

For the Six-Months ended September 30, 2011; the Company's cash used in operating activities totaled \$14,002 and cash provided by financing activities was \$14,002.

For the Six-Months ended September 30, 2010; the Company's cash provided by operating activities totaled \$29,277, cash provided by investing activities totaled \$11,850, and cash used in financing activities was \$48,660.

## **PLAN OF OPERATION**

For the next twelve months we plan to operate the business using our new methods while seeking to reorganize our operations into a more sustainable model. We intend to expand our business through acquisitions of new business operations either within our industry or, if a suitable transaction presents itself, in an altogether new area of business. Any acquisition or business combination would require obtaining debt or equity financing 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.

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.

## **ACQUISITIONS**

We may need to raise additional funds should management decide to acquire existing like-minded businesses. Alternatively, we may seek to merge with or acquire operations that fall outside our current business model. Certain candidates have been identified however no definitive agreements exist. We have targeted several businesses for acquisition and 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.

If we are successful in raising funds through the sale of our common stock, are able to enter into negotiations for the purchase of any and/or all of the selected businesses, or merge with a new business entity, there is no assurance that changes in day-to-day operations in any acquired facilities would not be necessary.

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 may be required to complete the transaction, expand operations, or carry out the new business model.

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

## **TRENDS**

Management has perceived a variety of recent trends that have had a material impact on our current revenues and our projected revenues for the coming quarters. Meat consumption has dramatically increased overall due to dieting habits; most famously known is The Atkins Diet, as well as other diets, that emphasize high-protein, low-carbohydrate intake. These diets suggest eating meats, including red, instead of high carbohydrate foods, and specifically recommend avoiding refined carbohydrates. High protein consumption has become a part of American culture, more than a societal tendency, in that in order to meet increasing customer requests for low-carb type items, one of our customers, TGI Friday's, has become an Atkins Nutritional Approach partner by featuring a selection of Atkins-approved menu items. We consider that the market research conducted by this customer was ample to

effectuate such a menu change and concurs with our perception that the demand for beef, poultry, and other meats is a continuing and upwards trend. We substantiate the same claims through our own customers' purchasing trends which are evidenced by our increased revenues. The marketplace also indicates that poultry consumption is rising steadily.

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.

The continued downward-trending economy has significantly impacted our operations as fewer households have the surplus cash flow to dine out or purchase expensive cuts of meat and seafood at the supermarket. As a result, we have seen our margins erode with increased competition between suppliers and more aggressive price negotiation from customers.





## **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 financial statements, we believe the following critical accounting policies involve the most complex, difficult and subjective estimates and judgments.

### **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.

### **Intangible and Long-Lived Assets**

We follow Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) Topic 360, Property Plant and Equipment , which establishes a primary asset approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long lived asset to be held and used. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Goodwill is accounted for in accordance with ASC Topic 350, Intangibles Goodwill and Other . We assess the impairment of long-lived assets, including goodwill and intangibles on an annual basis or whenever events or changes in circumstances indicate that the fair value is less than its carrying value. Factors that we consider important which could trigger an impairment review include poor economic performance relative to historical or projected future operating results, significant negative industry, economic or company specific trends, changes in the manner of our use of the assets or the plans for our business, market price of our common stock, and loss of key personnel. We have determined that there was no impairment of goodwill during 2011 or 2010.

### **Potential Derivative Instruments**

We periodically assess our financial and equity instruments to determine if they require derivative accounting. Instruments which may potentially require derivative accounting are conversion features of debt and common stock equivalents in excess of available authorized common shares.

### **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, 2011 was \$547,732 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, 2011 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 September 30, 2011 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.

### **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. [Removed and Reserved]**

**ITEM 5. OTHER INFORMATION**

None.



**ITEM 6. EXHIBITS**

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

<b>Exhibit</b>	<b>Exhibit Description</b>	<b>Filed herewith</b>	<b>Incorporated by reference</b>			
			<b>Form</b>	<b>Period ending</b>	<b>Exhibit</b>	<b>Filing date</b>
3.1	Diamond Ranch Foods, Ltd. Articles		10SB-12G		3.1	3/6/2005
3.2	Diamond Ranch Foods, Ltd. By-Laws		10SB-12G		3.2	3/6/2005
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
101	Interactive Data Files for the Diamond Ranch Foods, Ltd. Form 10Q for the period ended September 30, 2011	X				

**SIGNATURES**

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

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

Date: November 15, 2011

By: /s/ Louis Vucci, Jr.

Louis Vucci, Jr., President

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