

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 1, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number **1-16699**

OVERHILL FARMS, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

75-2590292

(IRS Employer
Identification Number)

2727 East Vernon Avenue

Vernon, California

(Address of principal executive offices)

90058

(Zip code)

(323) 582-9977

(Registrant's telephone number, including area code)

Not applicable

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 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. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

(Do not check if smaller reporting company)

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

As of February 9, 2012, there were 15,823,271 shares of the issuer's common stock, \$.01 par value, outstanding.

OVERHILL FARMS, INC.
FORM 10-Q
QUARTER ENDED JANUARY 1, 2012

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Item 1. Financial Statements

**OVERHILL FARMS, INC.
CONDENSED BALANCE SHEETS**

Assets

	January 1, 2012 (Unaudited)	October 2, 2011
Current assets:		
Cash	\$ 3,557,193	\$ 5,470,362
Accounts receivable, net of allowance for doubtful accounts of \$142 and \$43,402 in 2012 and 2011, respectively	14,646,246	13,700,034
Inventories	19,601,308	18,152,200
Prepaid expenses and other	1,306,365	2,013,222
Deferred income taxes	956,346	956,346
Total current assets	40,067,458	40,292,164
Property and equipment, at cost:		
Fixtures and equipment	26,250,233	25,981,572
Leasehold improvements	12,574,408	12,757,679
Automotive equipment	92,886	92,886
Property and equipment gross	38,917,527	38,832,137
Less accumulated depreciation and amortization	(26,474,415)	(25,686,444)
Total property and equipment	12,443,112	13,145,693
Other non-current assets:		
Goodwill	12,188,435	12,188,435
Deferred financing costs, net of accumulated amortization of \$516,287 and \$489,129 at January 1, 2012 and October 2, 2011, respectively	99,739	126,897
Other	1,326,645	1,556,656
Total other non-current assets	13,614,819	13,871,988
Total assets	\$ 66,125,389	\$ 67,309,845

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

OVERHILL FARMS, INC.
CONDENSED BALANCE SHEETS (continued)

Liabilities and Stockholders' Equity

	January 1, 2012	October 2, 2011
	(Unaudited)	
Current liabilities:		
Accounts payable	\$ 8,744,130	\$ 10,586,162
Accrued liabilities	3,335,939	3,820,199
Total current liabilities	12,080,069	14,406,361
Long-term accrued liabilities	638,734	616,890
Deferred tax liabilities	1,001,199	1,001,199
Long-term debt, less current maturities	10,772,647	10,772,647
Total liabilities	24,492,649	26,797,097
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 50,000,000 shares, 4.43 designated as Series A Convertible Preferred Stock, 0 shares issued and outstanding	-	-
Common stock, \$0.01 par value, authorized 100,000,000 shares, 15,823,271 shares issued and outstanding at January 1, 2012 and October 2, 2011	158,233	158,233
Additional paid-in capital	11,558,479	11,558,479
Retained earnings	29,916,028	28,796,036
Total stockholders' equity	41,632,740	40,512,748
Total liabilities and stockholders' equity	\$ 66,125,389	\$ 67,309,845

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

OVERHILL FARMS, INC.
CONDENSED STATEMENTS OF INCOME
(Unaudited)

	For the Quarter Ended	
	January 1, 2012 (13 weeks)	January 2, 2011 (14 weeks)
Net revenues	\$ 47,509,710	\$ 44,761,458
Cost of sales	42,824,630	39,791,035
Gross profit	<u>4,685,080</u>	<u>4,970,423</u>
Selling, general and administrative expenses	2,814,751	2,274,890
Operating income	1,870,329	2,695,533
Interest expense:		
Interest expense	(69,212)	(63,601)
Amortization of debt discount and deferred financing costs	<u>(27,158)</u>	<u>(28,209)</u>
Total interest expense	(96,370)	(91,810)
Income before income tax expense	1,773,959	2,603,723
Income tax expense	<u>653,967</u>	<u>994,622</u>
Net income	<u>\$ 1,119,992</u>	<u>\$ 1,609,101</u>
Net income per share:		
Basic	<u>\$ 0.07</u>	<u>\$ 0.10</u>
Diluted	<u>\$ 0.07</u>	<u>\$ 0.10</u>
Shares used in computing net income per share:		
Basic	15,823,271	15,823,271
Diluted	16,009,380	16,046,124

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

OVERHILL FARMS, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Quarter Ended	
	January 1, 2012 (13 weeks)	January 2, 2011 (14 weeks)
Operating Activities:		
Net income	\$ 1,119,992	\$ 1,609,101
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	861,142	968,466
Amortization of debt discount and deferred financing costs	27,158	28,209
(Recovery) provision for doubtful accounts	(43,260)	-
Changes in:		
Accounts receivable	(902,952)	2,223,566
Inventories	(1,449,109)	(1,596,248)
Prepaid expenses and other assets	706,857	890,981
Accounts payable	(1,842,033)	(433,608)
Accrued liabilities	(290,827)	(507,230)
Net cash (used) provided by operating activities	(1,813,032)	3,183,237
Investing Activities:		
Additions to property and equipment	(100,137)	(274,259)
Net cash used in investing activities	(100,137)	(274,259)
Financing Activities:		
Principal payments on debt	-	(5,525,000)
Deferred financing costs	-	(887)
Net cash used in financing activities	-	(5,525,887)
Net decrease in cash	(1,913,169)	(2,616,909)
Cash at beginning of period	5,470,362	5,967,741
Cash at end of period	\$ 3,557,193	\$ 3,350,832
Supplemental Schedule of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 67,543	\$ 62,279
Income taxes	\$ -	\$ 1,065

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

OVERHILL FARMS, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
January 1, 2012
(Unaudited)

1. NATURE OF BUSINESS AND ORGANIZATIONAL MATTERS

Overhill Farms, Inc. (the “Company” or “Overhill Farms”) is a value-added manufacturer of high quality, prepared frozen food products for branded retail, private label, foodservice and airline customers. The Company’s product line includes entrées, plated meals, bulk-packed meal components, pastas, soups, sauces, poultry, meat and fish specialties, and organic and vegetarian offerings.

2. BASIS OF PRESENTATION

The first quarter of fiscal year 2012 was a 13-week period compared to the first quarter of fiscal year 2011, which was a 14-week period.

The accompanying unaudited condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the quarter ended January 1, 2012 are not necessarily indicative of the results that may be expected for the Company’s fiscal year ending September 30, 2012 or for any other period.

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

The condensed balance sheet at October 2, 2011 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended October 2, 2011.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In September 2011, the Financial Accounting Standard Board (“FASB”) issued an update to its authoritative guidance regarding the methods used to test goodwill for impairment. The amendment allows the option to first assess qualitative factors to determine whether it is necessary to perform the existing two-step quantitative goodwill impairment test. Under that option, an entity would no longer be required to calculate the fair value of a reporting unit unless the entity determines, based on the newly permitted qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. If an entity concludes otherwise, then it must perform the two-step impairment test. The Company plans to adopt this guidance commencing in fiscal 2013, effective October 1, 2012, and apply it prospectively. The adoption of the standard is not expected to have a material impact on the Company’s financial position or results of operations.

In June 2011, the FASB issued authoritative guidance that revised its requirements related to the presentation of comprehensive income. This guidance eliminates the option to present components of other comprehensive income (“OCI”) as part of the consolidated statement of equity. It requires presentation of comprehensive income, the components of net income, and the components of OCI either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The Company plans to adopt this guidance commencing in fiscal 2013, effective October 1, 2012, and apply it retrospectively. The adoption of the standard is not expected to have a material impact on the Company’s financial position or results of operations.

In May 2011, the FASB issued an update to its authoritative guidance regarding fair value measurements to clarify disclosure requirements and improve comparability. Additional disclosure requirements include: (a) for Level 3 fair value measurements, quantitative information about significant unobservable inputs used, qualitative information about the sensitivity of the measurements to change in the unobservable inputs disclosed (including the interrelationship between inputs), and a description of the Company’s valuation processes; (b) all, not just significant, transfers between Level 1 and Level 2 of the fair value hierarchy; (c) the reason why, if applicable, the current use of a nonfinancial asset measured at fair value differs from its highest and best use; and (d) the categorization in the fair value hierarchy for financial instruments not measured at fair value but for which disclosure of fair value is required. The Company plans to adopt this guidance commencing in the second quarter of fiscal 2012, effective January 2, 2012, and

apply it retrospectively. The adoption of the standard is not expected to have a material impact on the Company's financial position or results of operations.

4. INVENTORIES

Inventories of the Company as of January 1, 2012 and October 2, 2011 are summarized as follows:

	January 1, 2012 <u>(unaudited)</u>	October 2, 2011 <u></u>
Raw ingredients	\$ 7,026,371	\$ 5,978,588
Finished product	10,080,786	10,208,600
Packaging	2,494,151	1,965,012
	<u>\$ 19,601,308</u>	<u>\$ 18,152,200</u>

5. LONG-TERM DEBT

Long-term debt of the Company as of January 1, 2012 and October 2, 2011 is summarized as follows:

	January 1, 2012 <u>(unaudited)</u>	October 2, 2011 <u></u>
Bank of America Revolver	\$ 10,772,647	\$ 10,772,647
	<u>\$ 10,772,647</u>	<u>\$ 10,772,647</u>

The Company executed a senior secured credit agreement with Bank of America on September 24, 2010. The facility is structured as a \$30 million three-year senior secured revolving credit facility, secured by a first priority lien on substantially all the Company's assets. The Company made an initial loan drawdown of \$13.2 million on September 24, 2010, which was used to pay off the Company's prior credit facility. Under the Bank of America facility the Company has the ability to increase the aggregate amount of the financing by \$20 million under certain conditions.

The Bank of America facility bears annual interest at the British Bankers Association LIBOR Rate, or LIBOR, plus an applicable margin (listed below). The margin was initially 1.75%. Beginning on January 1, 2011, and adjusted quarterly thereafter, the margin is calculated as follows:

Ratio of aggregate outstanding funded commitments under the facility (including letter of credit obligations) to EBITDA for the preceding four quarters	Applicable Margin
Greater than or equal to 1.50:1	2.00%
Greater than or equal to 0.50:1 but less than 1.50:1	1.75%
Less than 0.50:1	1.50%

As of January 1, 2012, there was \$10.8 million outstanding under the Bank of America facility with an applicable interest rate of 2.3%. In addition, the Company pays an unused line fee equal to 0.25% per annum. For the first quarter of fiscal years 2012 and 2011, the Company incurred \$69,000 and \$64,000, respectively, in interest expense, excluding amortization of deferred financing costs. As of January 1, 2012, the Company had \$19.2 million available to borrow under the Bank of America facility. Subsequent to the first quarter of fiscal year 2012, the Company reduced the outstanding balance of the facility by voluntary payments of \$2.5 million.

The Bank of America facility contains covenants whereby, among other things, the Company is required to maintain compliance with agreed levels of fixed charge coverage and total leverage. The facility also contains customary restrictions on incurring

indebtedness and liens, making investments and paying dividends. As of January 1, 2012, the Company was in compliance with the covenant requirements of the Bank of America facility.

6. PER SHARE DATA

The following table sets forth the calculation of earnings per share (“EPS”) for the periods presented:

	Quarter Ended (unaudited)	
	January 1, 2012	January 2, 2011
Basic EPS Computation:		
Numerator:		
Net income	\$ 1,119,992	\$ 1,609,101
Denominator:		
Weighted average common shares outstanding	15,823,271	15,823,271
Total shares	<u>15,823,271</u>	<u>15,823,271</u>
Basic EPS	<u>\$ 0.07</u>	<u>\$ 0.10</u>
Diluted EPS Computation:		
Numerator:		
Net income	\$ 1,119,992	\$ 1,609,101
Denominator:		
Weighted average common shares outstanding	15,823,271	15,823,271
Incremental shares from assumed exercise of stock options	186,109	222,853
Total shares	<u>16,009,380</u>	<u>16,046,124</u>
Diluted EPS	<u>\$ 0.07</u>	<u>\$ 0.10</u>

7. STOCK OPTIONS

The Company measures the cost of all employee stock-based compensation awards based on the grant date fair value of those awards using a Black-Scholes model and records that cost as compensation expense over the period during which the employee is required to perform service in exchange for the award (generally over the vesting period of the award). No options were granted during the quarters ended January 1, 2012 or January 2, 2011. Therefore, there was no impact on the income statement or cash flow statement as a result of stock-based compensation for any of these periods as there were no new options granted and all outstanding options are fully vested.

8. INCOME TAXES

The Company accounts for uncertainty in income taxes based on a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The balance of unrecognized tax benefits was zero as of January 1, 2012 and October 2, 2011.

The Company recognizes interest and penalties as part of income taxes. The total amount of interest and penalties recognized in the statements of income was zero for the quarters ended January 1, 2012 and January 2, 2011.

The Company does not anticipate any significant change within 12 months of this reporting date of its uncertain tax positions.

The effective tax rates were 36.9% and 38.2% for the first quarter of fiscal years 2012 and 2011.

9. CONTINGENCIES

Legal Proceedings

The Company is involved in certain legal actions and claims arising in the ordinary course of business. Management believes (based, in part, on advice of legal counsel) that such contingencies, including the matters described below, will be resolved without materially and adversely affecting the Company’s financial position, results of operations or cash flows. The Company intends to vigorously contest all claims and grievances described below.

Overhill Farms v. Larry (Nativo) Lopez, et al.

On June 30, 2009, the Company filed a lawsuit against Nativo Lopez and six other leaders of what the Company believes to be an unlawful campaign to force the Company to continue the employment of workers who had used invalid social security numbers to hide their illegal work status. Among other things, the Company alleges that the defendants defamed the Company by calling its actions “racist” and unlawful. The Company has asserted claims for defamation, extortion, intentional interference with prospective economic advantage, and intentional interference with contractual relations. The Company filed the lawsuit in Orange County, California, and seeks damages and an injunction barring the defendants from continuing their conduct.

All of the named defendants tried unsuccessfully to dismiss the action. In refusing to dismiss the case, the court ruled on November 13, 2009, that the Company had established a probability of prevailing on the merits, and that the Company had submitted substantial evidence that the defendants’ accusations of racism were not true. The defendants thereafter filed an appeal, which was denied by the California court of appeals. The defendants petitioned for review by the California Supreme Court, which denied review on March 2, 2011. The action has returned to the trial court for further proceedings.

Five of the six defendants have now agreed to withdraw their defamatory statements. They also agreed to a permanent injunction prohibiting them from publishing the defamatory statements they made against the Company. They further agreed to withdraw from and opt-out of any claims asserted on their behalf in the *Agustiana* case described below. Based on these agreements, the Company has dismissed its claims against these five defendants. The Company continues to press its claims against the defendant Nativo Lopez, and the case is scheduled for trial in July 2012.

Agustiana, et al. v. Overhill Farms.

On July 1, 2009, Bohemia Agustiana, Isela Hernandez, and Ana Munoz filed a purported “class action” against the Company in which they asserted claims for failure to pay minimum wage, failure to furnish wage and hour statements, waiting time penalties, conversion and unfair business practices. The plaintiffs are former employees who had been terminated one month earlier because they had used invalid social security numbers in connection with their employment with the Company. They filed the case in Los Angeles County on behalf of themselves and a class which they say includes all non-exempt production and quality control workers who were employed in California during the four-year period prior to filing their complaint. The plaintiffs seek unspecified damages, restitution, injunctive relief, attorneys’ fees and costs.

The Company filed a motion to dismiss the conversion claim, and the motion was granted by the court on February 2, 2010.

On May 12, 2010, Alma Salinas filed a separate purported “class action” in Los Angeles County Superior Court against the Company in which she asserted claims on behalf of herself and all other similarly situated current and former production workers for failure to provide meal periods, failure to provide rest periods, failure to pay minimum wage, failure to make payments within the required time, unfair business practice in violation of Section 17200 of the California Business and Professions Code and Labor Code Section 2698 (known as the Private Attorney General Act (“PAGA”)). Salinas is a former employee who had been terminated because she had used an invalid social security number in connection with her employment with the Company. Salinas sought allegedly unpaid wages, waiting time penalties, PAGA penalties, interest and attorneys’ fees, the amounts of which are unspecified. The Salinas action has been consolidated with the Agustiana action.

In about September 2011, plaintiffs Agustiana and Salinas agreed to voluntarily dismiss and waive all of their claims against the Company. They also agreed to abandon their allegations that they could represent any other employees in the alleged class. The Company did not pay them any additional wages or money.

One former employee remains as a plaintiff, Isela Hernandez. She has not requested the court to certify her as a class representative, and no class has been certified. The Company has asked the court to disqualify this remaining plaintiff as a class representative, and her attorneys have asked the court to add four former employees as plaintiffs and potential class representatives. Without ruling on the Company’s request, the court allowed the four new plaintiffs to join the case, and it scheduled a class certification hearing for April 2012. Three of the four new plaintiffs are former employees that the Company terminated one month before this case was filed because they had used invalid social security numbers in connection with their employment with the Company. The fourth new plaintiff has not worked for the Company since February 2007.

The parties are engaged in the discovery phase of the case, and the court has scheduled a class certification hearing date for April 2012. The Company believes it has valid defenses to the plaintiff’s remaining claims and that it paid all wages due to these employees.

Concentrations of Credit Risk

Cash used primarily for working capital purposes is maintained in two accounts with one major financial institution. Account balances as of January 1, 2012 exceeded the Federal Deposit Insurance Corporation insurance limits. If the financial banking markets experience disruption, the Company may need to temporarily rely on other forms of liquidity, including borrowing under its credit facility.

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of trade receivables. The Company performs on-going credit evaluations of each customer's financial condition and generally requires no collateral from its customers. A bankruptcy or other significant financial deterioration of any customer could impact its future ability to satisfy its receivables with the Company. Allowance for doubtful accounts is calculated based primarily upon historical bad debt experience and current market conditions. For the first quarter of fiscal years 2012 and 2011, write-offs, net of recoveries, to the allowance for doubtful accounts were immaterial.

A significant portion of the Company's total net revenues during the first three months of fiscal years 2012 and 2011 were derived from three customers as described below:

Customer	Net Revenues (unaudited)	
	January 1, 2012	January 2, 2011
Panda Restaurant Group, Inc.	24%	26%
Jenny Craig, Inc.	24%	30%
Safeway Inc.	15%	16%

A significant portion of the Company's total receivables as of January 1, 2012 and October 2, 2011 were derived from four customers as described below:

Customer	Receivables	
	January 1, 2012 (unaudited)	October 2, 2011
Panda Restaurant Group, Inc. (through its distributors)	29%	28%
Jenny Craig, Inc.	26%	22%
Bellisio Foods, Inc. (for various third party customers)	15%	17%
Safeway Inc.	10%	17%

10. RELATED PARTY TRANSACTIONS

In February 2004, the Company engaged Alexander Auerbach & Co., Inc. ("AAPR") to provide the Company with public relations and marketing services. AAPR provides public relations, media relations and communications marketing services to support the Company's sales activities. Alexander Auerbach, who is a director and stockholder of the Company, is a stockholder, director and officer of AAPR. Fees paid to AAPR for services rendered under this engagement during the first quarter of fiscal years 2012 and 2011 were \$15,000 and \$20,000, respectively.

11. FINANCIAL INSTRUMENTS

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect assumptions about what market participants would use in pricing the asset or liability. These inputs would be based on the best information available, including the Company's own data.

The carrying amount of the Company's financial instruments, which are not marked to fair value at each reportable date and principally include trade receivables and accounts payable, approximate fair value due to the relatively short maturity of such instruments. The Company believes the carrying value of the debt approximates the fair value at both January 1, 2012 and October 2, 2011, as the debt bears interest at variable rates based on prevailing market conditions. As of January 1, 2012, the carrying value of all financial instruments was not materially different from fair value, as the interest rates on variable rate debt approximated rates currently available to the Company.

Long-lived assets, such as property, plant, and equipment, and purchased intangibles that are subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets that are to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by such asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of such asset exceeds its fair value. The fair value calculation requires management to apply judgment in estimating future cash flows and the discount rates that reflect the risk inherent in the future cash flows. The estimated cash flows used for this nonrecurring fair value measurement is considered a Level 3 input as defined above.

Goodwill is tested annually for impairment or more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. This determination is made at the reporting unit level and consists of two steps. First, the Company determines its fair value and compares it to its carrying amount. The Company determines the fair value using a discounted cash flow analysis, which requires unobservable inputs (Level 3 as defined above). These inputs include selection of an appropriate discount rate and the amount and timing of expected future cash flows. Second, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting units' goodwill and other intangibles over the implied fair value.

12. COLLABORATIVE ARRANGEMENT

On November 4, 2010, the Company entered into an exclusive license agreement with Boston Market Corporation, whereby the Company has the right to manufacture, sell and distribute Boston Market frozen food products. The license agreement was effective July 1, 2011. However, due to the fact that a majority of the Boston Market sales were geographically located east of the Mississippi River, the Company determined that it needed to have a distribution facility near the east coast in order to minimize freight expenses. The Company also needed access to a national sales force and broker network for retail sales. Therefore, on August 4, 2011, the Company entered into a Co-Manufacturing, Sales and Distribution Agreement with Bellisio Foods, Inc. ("Bellisio"). Bellisio operates a manufacturing and storage facility in Jackson, OH and has a sales force in place to manage a consumer brand and sell into 25,000 retail supermarkets.

The agreement covers a collaborative arrangement between the Company and Bellisio regarding the co-manufacture, sale and distribution of Boston Market products. The agreement provides that the Company and Bellisio will each manufacture approximately 50% of the total production volume of current and future Boston Market products during the term of the agreement. The Company began its manufacturing in June, 2011 and Bellisio began its manufacturing in August, 2011 at its Jackson, Ohio facility.

In addition to its co-manufacturing responsibilities during the term of the agreement, Bellisio will be responsible for all sales and distribution responsibilities for all Boston Market products produced by both the Company and Bellisio. These responsibilities include marketing, sales, warehousing and handling, product distribution and all billing and collection activities. The Company has final approval rights for all sales and marketing promotion plans and expenses. Pursuant to the agreement, the Company will be responsible for development of all new items for the Boston Market line as well as maintaining the quality and consistency of all products produced. In addition, the Company maintains exclusive control and rights of the license.

The Company and Bellisio will share equally in the first \$2 million of aggregate profits from the co-manufactured products, with the percentage shifting to 60% to the Company and 40% to Bellisio for any profits in excess of \$2 million. Profits will be calculated after deducting from gross revenues: pre-established labor, material overhead costs relating to manufacturing of the products, all pre-approved sales and promotion expenses including a fixed sales and administrative fee charged by Bellisio as a percentage of sales; pre-negotiated warehouse charges; actual freight costs; interest expense on working capital; and any legitimate invoice deduction from retailers for spoilage, cash discounts, if any, or defective products. The Company has elected to recognize any settlements of profit or loss from this arrangement as net revenue in the statement of income.

The agreement is for an initial term of two years commencing effective July 1, 2011 and automatically renews for additional one-year periods unless either party provides notice of termination at least six months prior to the next one-year renewal date.

The Company recognizes revenue and expenses related to the collaborative arrangement in accordance with authoritative guidance, which directs participants in collaborative arrangements to report costs incurred and revenue generated from transactions with third parties (that is, parties that do not participate in the arrangement) in each entity's respective income statement line items for revenues and expenses. Revenues from the collaborative arrangement consist of sales to third party supermarkets.

The following table illustrates the income statement classification and activities attributable to transactions arising from the agreement for the quarter ended January 1, 2012:

	For the Quarter Ended January 1, 2012
Net Revenues	6,421,159
Cost of Sales	5,943,092
Gross Profit	478,067
Selling, general and administrative expenses	638,555
Net loss	(160,488)

In addition to the expenses noted above, during the first quarter of fiscal year 2012 the Company incurred marketing expenses of \$78,000.

13. SUBSEQUENT EVENTS

The Company has completed an evaluation of all subsequent events through the issuance date of these financial statements, and concluded no subsequent events occurred that require recognition or disclosure other than the matter noted below and the legal matters described in Note 9 to these financial statements.

On February 6, 2012, the Company entered into an employment agreement with James Rudis, the Company's Chairman, President and Chief Executive Officer. The term of the employment agreement will be from January 1, 2012 to December 31, 2014. Mr. Rudis' base salary will be \$475,000 per year and will be reviewed annually and increased in a percentage no less than that of the annual increase in the cost of living.

The employment agreement contains a covenant that Mr. Rudis will not to compete with the Company during the term of his employment and for a period of one year thereafter. The Company has agreed to provide, at its expense, a \$1.0 million life insurance policy on Mr. Rudis' life, payable to a beneficiary of his choice, and to pay to him up to \$800 per month for an automobile lease and to reimburse him for all operating expenses relating to the leased automobile. In addition, if Mr. Rudis chooses not to participate in the Company's existing group medical insurance plan, the Company has agreed to reimburse him for health insurance premiums he pays through the term of the employment agreement for him and his immediate family, up to the amounts he paid for such coverage immediately prior to the effective date of the employment agreement. Mr. Rudis is entitled to four weeks vacation time annually and the Company has agreed to cash out and pay Mr. Rudis for the portion of any vacation time not used by the end of the calendar year in which it was earned or at such a later date as may be specified by Mr. Rudis.

Mr. Rudis is also entitled to receive a minimum payment of \$300,000 (in addition to any other payments our compensation committee may award in its sole discretion) upon:

- an individual, entity or group becoming the beneficial owner of more than 50% of the total voting power of the Company's total outstanding voting securities on a fully-diluted basis;
- an individual or entity acquiring substantially all of the Company's assets and business; or
- a merger, consolidation, reorganization, business combination or acquisition of assets or stock of another entity, other than in a transaction that results in the Company's voting securities outstanding immediately before the transaction continuing to represent at least 50% of the combined voting power of the successor entity's outstanding voting securities immediately after the transaction.

However, a change in control does not include a financing transaction approved by the Company's board of directors and involving the offering and sale of shares of the Company's capital stock.

The employment agreement also provides that if Mr. Rudis is terminated by reason of his death or disability, he or his estate is entitled to receive:

- any accrued, unpaid base salary payable in effect on the date of termination;
- any unreimbursed business expenses outstanding as of the date of termination; and
- any accrued but unused vacation pay as of the date of termination.

If Mr. Rudis voluntarily resigns prior to the end of the term, he will not be entitled to receive any bonus payments. If the Company terminates Mr. Rudis without cause, then subject to certain requirements, Mr. Rudis will be entitled to:

- a severance benefit in the form of continuation of his base salary in effect at the date of termination and payment of COBRA health insurance premiums for the longer of twelve months or the remaining unexpired portion of the initial term of the agreement; and
- a pro rated bonus payment under the terms of a bonus plan, if any, pursuant to which a bonus has been earned, payable at the time provided in the bonus plan.

The above descriptions are qualified by reference to the complete text of Mr. Rudis' employment agreement, which is attached to this report as Exhibit 10.1 and incorporated herein by this reference.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The following discussion and analysis should be read in conjunction with our condensed financial statements and notes to condensed financial statements included elsewhere in this report. This report, and our condensed financial statements and notes to our condensed financial statements, contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which statements generally include the plans and objectives of management for future operations, including plans and objectives relating to our future economic performance and our current beliefs regarding revenues we might earn if we are successful in implementing our business strategies. Forward-looking statements are based on current expectations or beliefs. For this purpose, statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements include statements which are predictive in nature, which depend upon or refer to future events or conditions, or which include words such as "continue," "efforts," "expects," "anticipates," "intends," "plans," "believes," "estimates," "projects," "forecasts," "strategy," "will," "may," "goal," "target," "prospects," "optimistic," "confident" or similar expressions. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), on-going business strategies or prospects, and possible future company actions, which may be provided by management, are also forward-looking statements. We caution that these statements by their nature involve risks and uncertainties, and actual results may differ materially depending on a variety of important factors, including, among others:

- the uncertainty of the domestic economic outlook;
- the impact of competitive product and pricing;
- market conditions that may affect the costs and/or availability of raw materials, fuels, energy, logistics and labor as well as the market for our products, including our customers' ability to pay and consumer demand;
- changes in our business environment, including actions of competitors and changes in customer preferences, as well as disruptions to our customers' businesses;
- seasonality in the retail category;
- loss of key customers due to competitive environment or production being self-manufactured by customers with such capabilities;
- commodity prices and fulfillment by suppliers of existing raw materials contracts;
- natural disasters that can impact, among other things, costs of fuel and raw materials;

- the occurrence of acts of terrorism or acts of war;
- changes in governmental laws and regulations, including income taxes;
- change in control due to takeover or other significant changes in ownership;
- financial viability and resulting effect on revenues and collectability of accounts receivable of our customers during the on-going economic uncertainty and any future deep recessionary periods;
- ability to obtain additional financing as and when needed, and rising costs of credit that may be associated with new borrowings;
- ability to remain in compliance with the covenant requirement of the Bank of America facility;
- continued unfavorable operating variances due to lower sales volumes;
- voluntary or government-mandated food recalls;
- effects of legal proceedings or labor disputes in which we are or may become involved from time to time;
- other factors discussed in this report and other reports we file with the Securities and Exchange Commission (“Commission”), including those described in Item 1A of Part I of our annual report on Form 10-K for the fiscal year ended October 2, 2011 and any updates to that report.

We do not undertake to update, revise or correct any forward-looking statements, except as otherwise required by law.

Overview

We are a value-added manufacturer of high quality, prepared frozen food products for branded retail, private label, foodservice and airline customers. Our product line includes entrées, plated meals, bulk-packed meal components, pastas, soups, sauces, poultry, meat and fish specialties, and organic and vegetarian offerings. Our extensive research and development efforts, combined with our extensive catalogue of recipes and flexible manufacturing capabilities, provide customers with a one-stop solution for new product ideas, formulations and product manufacturing, as well as precise replication of existing recipes. Our capabilities allow customers to outsource product development, product manufacturing and packaging, thereby avoiding significant fixed-cost and variable investments in resources and equipment. Our customers include prominent nationally recognized names such as Panda Restaurant Group, Inc., Jenny Craig, Inc., Safeway Inc., Target Corporation, Pinnacle Foods Group LLC, and American Airlines, Inc. We also sell frozen foods under the Boston Market brand, under exclusive license with Boston Market Corporation.

Our goal is to continue as a leading developer and manufacturer of value-added food products and provider of custom prepared frozen foods. We intend to continue to execute our growth and operating strategies, including:

- diversifying and expanding our customer base by focusing on sectors we believe have attractive growth characteristics, such as foodservice and retail;
- investing in and operating efficient production facilities;
- providing value-added ancillary support services to customers;
- offering a broad range of products to customers in multiple channels of distribution; and
- exploring strategic acquisitions and investments.

The first quarter of fiscal year 2012 was a 13-week period compared to the first quarter of fiscal year 2011, which was a 14-week period.

Despite a continued slow economy, for the first quarter of fiscal year 2012, which ended on January 1, 2012, we performed well and were profitable with significant improvement in profit and gross profit margin, as compared to our third and fourth quarters of fiscal year 2011.

The Boston Market line of products, which we feel will be a significant part of our future growth, continues to improve. Although we show a net loss for the Boston Market brand for the first quarter of fiscal year 2012, with most of the initial marketing investments and start-up costs behind us, the Boston Market line is now profitable. Our focus now is to improving that profitability through a number of product, promotion and process enhancements.

Additionally, we expect increased sales for fiscal 2012 in our foodservice category through increased sales to a major existing account and new customer initiatives.

Net revenues of \$47.5 million for the first quarter of fiscal year 2012 reflected an increase of \$2.7 million or 6.0% compared to the first quarter of fiscal year 2011, despite having one less week in the reporting period of the first quarter of fiscal year 2012. The retail category increased \$3.1 million due primarily to net revenues of \$6.4 million in sales of Boston Market products (sold to numerous retail accounts, including some major national chains) partially offset by reduced sales to Pinnacle Foods Group LLC and Jenny Craig, Inc. The foodservice category declined \$145,000 due primarily to reduced sales to the Panda Restaurant Group, Inc. ("PRG"). The airline category decreased by \$238,000 or 11.3%. We continue to be optimistic and anticipate further growth in net revenues as we continue to improve sales of the Boston Market brand products.

Like most companies, we unfortunately expect to continue to face uncertainty related to the economy, including higher fuel and commodity costs and inconsistent consumer demand. In an effort to offset these ongoing challenges and to improve operating margins, we continue to aggressively seek new business opportunities and to closely monitor all categories of operating expenses. We believe one of our core strengths has been our ability to mitigate rising food costs through strategic forward buying. We expect that this strength will again play a positive role in our future operations. Additionally, as customer contracts come to renewal and as other opportunities develop, we intend to pursue improved product pricing.

Gross profit was \$4.7 million for the first quarter of fiscal year 2012, compared to \$5.0 million for the first quarter of fiscal year 2011. Gross margin (gross profit as a percentage of net revenues) decreased to 9.9% for the first quarter of fiscal year 2012, from 11.2% for the first quarter of fiscal year 2011 due largely to higher conversion costs, specifically, higher direct and indirect labor costs. We also had increased freight and storage expense of \$612,000 due to shipments for Boston Market products in the first quarter of fiscal year 2012 (there were no similar storage costs in the first quarter of fiscal year 2011 as we did not commence manufacturing of Boston Market products until in the second half of fiscal year 2011). We anticipate continued increased freight and storage expenses as sales volumes for Boston Market products increase and if fuel prices remain at their current levels or increase.

Operating income for the first quarter of fiscal year 2012 was \$1.9 million (4.0% of net revenues), compared to operating income of \$2.7 million (6.0% of net revenues) for the first quarter of fiscal year 2011, due primarily to lower gross profit as noted above as well as higher selling, general and administrative ("SG&A") expenses. SG&A increased \$540,000 to \$2.8 million (5.9% of net revenues) for the first quarter of fiscal year 2012, from \$2.3 million (5.1% of net revenues) for the first quarter of fiscal year 2011, primarily due to higher brokerage, royalty and marketing expenses of \$326,000, \$285,000 and \$79,000, respectively, related to the Boston Market brand. These increases were partially offset by a decrease in other SG&A expenses of \$150,000. With increased growth in our retail accounts, including Boston Market and Safeway, we expect our current sales, promotion and freight run rates will be the model for the future. We expect SG&A expenses to remain at the current run-rate as we continue to contest remaining claims and grievances as described in Part II, Item 1 of this report and as we incur additional brokerage and selling expenses, including royalty expenses, related to the Boston Market brand.

Net income for the first quarter of fiscal year 2012 was \$1.1 million (2.3% of net revenues), compared to net income of \$1.6 million (3.6% of net revenues) for the first quarter of fiscal year 2011, due to lower operating income partially offset by a reduction in income tax expense.

Critical Accounting Policies

Management's discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of our financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. See Note 2 to the financial statements contained in our annual report on Form 10-K for the year ended October 2, 2011 for a summary of our significant accounting policies. Management believes the following critical accounting policies are related to our more significant estimates and assumptions used in the preparation of our financial statements.

Inventories. Inventories, which include material, labor and manufacturing overhead, are stated at the lower of cost, which approximates the first-in, first-out ("FIFO") method, or market. We use a standard costing system to estimate our FIFO cost of inventory at the end of each reporting period. Historically, standard costs have been materially consistent with actual costs. We periodically review our inventory for excess items, and write it down based upon the age of specific items in inventory and the expected recovery from the disposition of the items.

We write-down our inventory for the estimated aged surplus, spoiled or damaged products and discontinued items and components. We determine the amount of the write-down by analyzing inventory composition, expected usage, historical and projected sales information and other factors. Changes in sales volume due to unexpected economic or competitive conditions are among the factors that could result in material increases in the write-down of our inventory.

Property and Equipment. The cost of property and equipment is depreciated over the estimated useful lives of the related assets, which range from three to ten years. Leasehold improvements to our Plant No. 1 in Vernon, California are amortized over the lesser of the initial lease term plus one lease extension period, initially totaling 15 years, or the estimated useful lives of the assets. Other leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives of the assets. Depreciation is generally computed using the straight-line method.

We assess property and equipment for impairment whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable.

Expenditures for maintenance and repairs are charged to expense as incurred. The cost of materials purchased and labor expended in betterments and major renewals are capitalized. Costs and related accumulated depreciation of properties sold or otherwise retired are eliminated from the accounts, and gains or losses on disposals are included in operating income.

Goodwill. We evaluate goodwill at least annually for impairment. We have one reporting unit and estimate fair value based on a variety of market factors, including discounted cash flow analysis, market capitalization, and other market-based data. As of January 1, 2012, we had goodwill of \$12.2 million. A deterioration of our operating results and the related cash flow effect could decrease the estimated fair value of our business and, thus, cause our goodwill to become impaired and cause us to record a charge against operations in an amount representing the impairment.

Income Taxes. We evaluate the need for a valuation allowance on our deferred tax assets based on whether we believe that it is more likely than not that all deferred tax assets will be realized. We consider future taxable income and on-going prudent and feasible tax planning strategies in assessing the need for valuation allowances. In the event we determine that we would not be able to realize all or part of our deferred tax assets, we would record an adjustment to the deferred tax asset and a charge to income at that time.

We account for uncertainty in income taxes based on a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The balance of unrecognized tax benefits was zero as of January 1, 2012 and October 2, 2011.

We recognize interest and penalties as part of income taxes. No interest and penalties were recognized in the statement of income for the first three months of fiscal year 2012.

Concentrations of Credit Risk

Cash used primarily for working capital purposes is maintained in two accounts with two major financial institutions. The account balances as of January 1, 2012 exceeded the Federal Deposit Insurance Corporation insurance limits. If the financial banking markets experience disruption, we may need to temporarily rely on other forms of liquidity, including borrowing under our credit facility.

Our financial instruments that are exposed to concentrations of credit risk consist primarily of trade receivables. We perform on-going credit evaluations of each customer's financial condition and generally require no collateral from our customers. We charge off uncollectible accounts at the point in time when no recovery is expected.

A significant portion of our total net revenues during the first three months of fiscal years 2012 and 2011 were derived from three customers as described below:

Customer	Net Revenues	
	(unaudited)	
	January 1, 2012	January 2, 2011
Panda Restaurant Group, Inc.	24%	26%
Jenny Craig, Inc.	24%	30%
Safeway Inc.	15%	16%

A significant portion of our total receivables as of January 1, 2012 and October 2, 2011 were derived from four customers as described below:

Receivables		
Customer	January 1, 2012 (unaudited)	October 2, 2011
Panda Restaurant Group, Inc. (through its distributors)	29%	28%
Jenny Craig, Inc.	26%	22%
Bellisio Foods, Inc. (for various third party customers)	15%	17%
Safeway Inc.	10%	17%

Results of Operations

While we operate as a single business unit, manufacturing various products on common production lines, revenues from similar customers are grouped into the following natural categories: retail, foodservice and airlines.

Quarter Ended January 1, 2012 Compared to Quarter Ended January 2, 2011

The quarter ended January 1, 2012 was a 13-week period compared to the quarter ended January 2, 2011 which was a 14-week period.

Net Revenues. Net revenues for the first quarter of fiscal year 2012 increased \$2.7 million, or 6.0%, to \$47.5 million from \$44.8 million for the first quarter of fiscal year 2011 due to higher sales volume in retail sales partially offset by decreases in airline and foodservice net revenues.

Retail net revenues increased \$3.1 million (10.5%) to \$32.6 million for the first quarter of fiscal year 2012 from \$29.5 million for the first quarter of fiscal year 2011. The increase in net revenues was primarily due to sales of Boston Market branded products (sold to various third party customers) of \$6.4 million partially offset by reduced sales to Pinnacle Foods Group LLC and Jenny Craig, Inc. of \$2.5 million and \$1.9 million, respectively. The decrease for Pinnacle Foods Group LLC was driven by a reduction in the number of items produced. The decrease to Jenny Craig, Inc. was due to the slow economic recovery and their inventory management plans.

Foodservice net revenues decreased \$145,000 (1.1%) to \$13.0 million for the first quarter of fiscal year 2012 from \$13.2 million for the first quarter of fiscal year 2011 due to reduced sales volume to PRG of \$607,000 partially offset by an increase in sales to other existing customers of \$462,000. We continue to increase our sales efforts in this category and believe that foodservice represents a significant opportunity for us in 2012 and beyond.

Airline net revenues decreased \$238,000 (11.3%) to \$1.9 million for the first quarter of fiscal year 2012 from \$2.1 million for the first quarter of fiscal year 2011 due to decreased sales to an existing customer stemming from continuing airline industry initiatives to cut cost.

Gross Profit. Gross profit for the first quarter of fiscal year 2012 decreased by \$285,000 (5.7%) to \$4.7 million from \$5.0 million for the first quarter of fiscal year 2011. Gross margin decreased to 9.9% for the first quarter of fiscal year 2012 from 11.2% for the first quarter of fiscal year 2011, due largely to higher conversion cost, specifically, higher direct and indirect labor costs and higher freight and storage expense (\$612,000) due to increased shipments for Boston Market products in the first quarter of fiscal year 2012 (we did not commence manufacturing of Boston Market products until the second half of fiscal year 2011). We anticipate continued increased freight and storage expenses as sales volumes for Boston Market products increase and if fuel prices remain at their current levels or increase.

Selling, General and Administrative Expenses. SG&A expense increased \$540,000 (23.5%) to \$2.8 million for the first quarter of fiscal year 2012 from \$2.3 million for the first quarter of fiscal year 2011. SG&A expense as a percentage of net revenues increased to 5.9% for the first quarter of fiscal year 2012 compared to 5.1% for the first quarter of fiscal year 2011 due primarily to higher brokerage, royalty and marketing expenses related to the Boston Market brand of \$326,000, \$285,000 and \$79,000, respectively, partially offset by decreases in other SG&A expenses of \$150,000. We expect SG&A expense to remain at the current level as we continue to contest remaining claims and grievances as described in Part II, Item 1 of this report and as we incur additional brokerage and selling expenses, including royalty expenses related to the Boston Market brand.

Operating Income. Operating income decreased \$825,000 (30.5%) to \$1.9 million (4.0% of net revenues) for the first quarter of fiscal year 2012 from \$2.7 million (6.0% of net revenues) for the first quarter of fiscal year 2011. The decrease in operating income was the result of lower gross profit and higher SG&A expenses as noted above.

Total Interest Expense. Total interest expense for the first quarter of fiscal year 2012 was \$96,000, compared to \$92,000 for the first quarter of fiscal year 2011. The increase in total interest expense is due to higher debt balances.

Income Tax Provision. Income tax expense was \$654,000 for the first quarter of fiscal year 2012, compared to income tax expense of \$995,000 for the first quarter of fiscal year 2011. The difference was a result of income before taxes decreasing \$830,000 from \$2.6 million for the first quarter of fiscal year 2011 to \$1.8 million for the first quarter of fiscal year 2012. The effective tax rates were 36.9% and 38.2% for the first quarter of fiscal years 2012 and 2011, respectively.

Net Income. Net income for the first quarter of fiscal year 2012 was \$1.1 million, or \$0.07 per basic and diluted share, compared to net income of \$1.6 million, or \$0.10 per basic and diluted share, for the first quarter of fiscal year 2011.

Liquidity and Capital Resources

During the first quarter of fiscal year 2012 our operating activities used cash of \$1.8 million compared to cash provided of \$3.2 million during the first quarter of fiscal year 2011. Cash generated from operations before working capital changes for the first quarter of fiscal year 2012 was \$2.0 million. Cash used by changes in working capital was \$3.8 million during the first quarter of fiscal year 2012 and resulted from decreases in accounts payable and accrued liabilities of \$1.8 million and \$291,000, respectively, along with increases in accounts receivable and inventory of \$903,000 and \$1.4 million, respectively. This was partially offset by cash provided by a decrease to prepaid expenses and other assets of \$707,000. As of January 1, 2012, we had working capital of \$28.0 million compared to working capital of \$25.9 million at fiscal year end 2011. The increase in working capital was due primarily to a decrease in accounts payable and accrued liabilities. We were able to fund our operations in the first quarter of fiscal year 2012 internally without increasing our external debt.

During the first quarter of fiscal year 2012, our investing activities, consisting primarily of capital expenditures, resulted in a net use of cash of approximately \$100,000 compared to a net use of cash of approximately \$274,000 during the first quarter of fiscal year 2011. The property and equipment additions were made to accommodate and generate additional business opportunities, meet anticipated growth and improve operating efficiency.

During the first quarter of fiscal year 2012, we had no financing activities compared to a use of cash of \$5.5 million during the first quarter of fiscal year 2011. Subsequent to the first quarter of fiscal year 2012, we reduced the outstanding balance of the facility by voluntary payments of \$2.5 million.

We believe that our cash, financial liquidity positions and financial strength are sufficient to fund current working capital needs and future growth initiatives, including potential acquisitions.

We executed a senior secured credit agreement with Bank of America on September 24, 2010. The facility is structured as a \$30 million three-year senior secured revolving credit facility, secured by a first priority lien on substantially all of our assets. We made an initial loan drawdown of \$13.2 million, which was used to pay off our prior credit facility. Under the Bank of America facility we have the ability to increase the aggregate amount of the financing by \$20 million under certain conditions.

The Bank of America facility bears annual interest at the British Bankers Association LIBOR Rate, or LIBOR, plus an applicable margin (listed below). The margin was initially 1.75%. Beginning January 1, 2011, and adjusted quarterly thereafter, the margin is calculated as follows:

Ratio of aggregate outstanding funded commitments under the facility (including letter of credit obligations) to EBITDA for the preceding four quarters	Applicable Margin
Greater than or equal to 1.50:1	2.00%
Greater than or equal to 0.50:1 but less than 1.50:1	1.75%
Less than 0.50:1	1.50%

As of January 1, 2012, there was \$10.8 million outstanding under the Bank of America facility with an applicable interest rate of 2.3%. In addition, we pay an unused line fee equal to 0.25% per annum. For the first quarter of fiscal years 2012 and 2011, we incurred \$69,000 and \$64,000, respectively, in interest expense, excluding amortization of deferred financing costs. As of January 1, 2012, we had \$19.2 million available to borrow under the new credit facility.

Initial proceeds from the Bank of America facility, received September 24, 2010, were used to repay approximately \$13.2 million in existing debt in connection with the termination of our former financing arrangements.

The Bank of America facility contains covenants whereby, among other things, we are required to maintain compliance with agreed levels of fixed charge coverage and total leverage. The facility also contains customary restrictions on incurring indebtedness and liens, making investments and paying dividends.

As of January 1, 2012, we were in compliance with the covenant requirements of the Bank of America facility. Going forward, if we are unable to maintain compliance with the covenant requirements due to the deterioration of economic conditions, it could result in interest rate increases and acceleration of maturity of the loan, which could adversely affect our financial condition, results of operations or cash flows.

We believe that funds available to us from operations and existing capital resources will be adequate for our capital requirements for at least the next twelve months.

Following is a summary of our contractual obligations at January 1, 2012:

CONTRACTUAL OBLIGATIONS	Payments Due By Period				
	Total	Remainder of Fiscal Year 2012	2-3 Years	4-5 Years	More than 5 Years
Debt maturities	\$ 10,772,647	\$ -	\$ 10,772,647	\$ -	\$ -
Interest Expense ⁽¹⁾	518,290	224,347	293,943	-	-
Operating lease obligations ⁽²⁾	8,131,111	1,887,152	3,957,158	2,286,801	-
Open purchase orders	13,529,339	13,035,186	494,153	-	-
Total contractual obligations	\$ 32,951,387	\$ 15,146,685	\$ 15,517,901	\$ 2,286,801	\$ -

(1) Assumes only mandatory principal pay-down and the use of LIBOR as of January 1, 2012 on the Bank of America debt.

(2) Includes real estate leases.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk – Obligations. We are subject to interest rate risk on variable interest rate obligations. A hypothetical 10% increase in average market interest rates would increase by approximately \$25,000 the annual interest expense on our debt outstanding as of January 1, 2012.

Item 4. Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively) have concluded, based on their evaluation as of January 1, 2012, that the design and operation of our “disclosure controls and procedures” (as defined in Rule 13a-15(e) under the Exchange Act) are effective at a reasonable assurance level to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms, including to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

During the quarter ended January 1, 2012, there were no changes in our “internal control over financial reporting” (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in certain legal actions and claims arising in the ordinary course of business. Management believes (based, in part, on advice of legal counsel) that such contingencies, including the matters described below, will be resolved without materially and adversely affecting our financial position, results of operations or cash flows. We intend to vigorously contest all claims and grievances described below.

Overhill Farms v. Larry (Nativo) Lopez, et al.

On June 30, 2009, we filed a lawsuit against Nativo Lopez and six other leaders of what we believe to be an unlawful campaign to force us to continue the employment of workers who had used invalid social security numbers to hide their illegal work status. Among other things, we allege that the defendants defamed us by calling our actions “racist” and unlawful. We have asserted claims for defamation, extortion, intentional interference with prospective economic advantage, and intentional interference with contractual relations. We filed the lawsuit in Orange County, California, and seek damages and an injunction barring the defendants from continuing their conduct.

All of the named defendants tried unsuccessfully to dismiss the action. In refusing to dismiss the case, the court ruled on November 13, 2009, that we had established a probability of prevailing on the merits, and that we had submitted substantial evidence that the defendants’ accusations of racism were not true. The defendants thereafter filed an appeal, which was denied by the California court of appeals. The defendants petitioned for review by the California Supreme Court, which denied review on March 2, 2011. The action has returned to the trial court for further proceedings.

Five of the six defendants have now agreed to withdraw their defamatory statements. They also agreed to a permanent injunction prohibiting them from publishing the defamatory statements they made against us. They further agreed to withdraw from and opt-out of any claims asserted on their behalf in the *Agustiana* case described below. Based on these agreements, we have dismissed our claims against these five defendants. We continue to press our claims against defendant Nativo Lopez, and the case is scheduled for trial in July 2012.

Agustiana, et al. v. Overhill Farms.

On July 1, 2009, Bohemia Agustiana, Isela Hernandez, and Ana Munoz filed a purported “class action” against us in which they asserted claims for failure to pay minimum wage, failure to furnish wage and hour statements, waiting time penalties, conversion and unfair business practices. The plaintiffs are former employees who had been terminated one month earlier because they had used invalid social security numbers in connection with their employment with us. They filed the case in Los Angeles County on behalf of themselves and a class which they say includes all non-exempt production and quality control workers who were employed in California during the four-year period prior to filing their complaint. The plaintiffs seek unspecified damages, restitution, injunctive relief, attorneys’ fees and costs.

We filed a motion to dismiss the conversion claim, and the motion was granted by the court on February 2, 2010.

On May 12, 2010, Alma Salinas filed a separate purported “class action” in Los Angeles County Superior Court against us in which she asserted claims on behalf of herself and all other similarly situated current and former production workers for failure to provide meal periods, failure to provide rest periods, failure to pay minimum wage, failure to make payments within the required time, unfair business practice in violation of Section 17200 of the California Business and Professions Code and Labor Code Section 2698 (known as the Private Attorney General Act (“PAGA”)). Salinas is a former employee who had been terminated because she had used an invalid social security number in connection with her employment with us. Salinas sought allegedly unpaid wages, waiting time penalties, PAGA penalties, interest and attorneys’ fees, the amounts of which are unspecified. The Salinas action has been consolidated with the Agustiana action.

In about September 2011, plaintiffs Agustiana and Salinas agreed to voluntarily dismiss and waive all of their claims against us. They also agreed to abandon their allegations that they could represent any other employees in the alleged class. We did not pay them any additional wages or money.

One former employee remains as a plaintiff, Isela Hernandez. She has not requested the court to certify her as a class representative, and no class has been certified. We have asked the court to disqualify this remaining plaintiff as a class representative, and her attorneys have asked the court to add four former employees as plaintiffs and potential class representatives. Without ruling on our request, the court allowed the four new plaintiffs to join the case, and it scheduled a class certification hearing for April 2012. Three of the four new plaintiffs are former employees that we terminated one month before this case was filed because they had used

invalid social security numbers in connection with their employment with us. The fourth new plaintiff has not worked for us since February 2007.

The parties are engaged in the discovery phase of the case, and the court has scheduled a class certification hearing date for April 2012. We believe we have valid defenses to the plaintiff's remaining claims and that we paid all wages due to these employees.

Item 5. Other Information

On February 6, 2012, we entered into an employment agreement with James Rudis, our Chairman, President and Chief Executive Officer. The term of the employment agreement will be from January 1, 2012 to December 31, 2014. Mr. Rudis' base salary will be \$475,000 per year and will be reviewed annually and increased in a percentage no less than that of the annual increase in the cost of living.

The employment agreement contains a covenant that Mr. Rudis will not to compete with us during the term of his employment and for a period of one year thereafter. We have agreed to provide, at our expense, a \$1.0 million life insurance policy on Mr. Rudis' life, payable to a beneficiary of his choice, and to pay to him up to \$800 per month for an automobile lease and to reimburse him for all operating expenses relating to the leased automobile. In addition, if Mr. Rudis chooses not to participate in our existing group medical insurance plan, we have agreed to reimburse him for health insurance premiums he pays through the term of the employment agreement for him and his immediate family, up to the amounts he paid for such coverage immediately prior to the effective date of the employment agreement. Mr. Rudis is entitled to four weeks vacation time annually and we have agreed to cash out and pay Mr. Rudis for the portion of any vacation time not used by the end of the calendar year in which it was earned or at such a later date as may be specified by Mr. Rudis.

Mr. Rudis is also entitled to receive a minimum payment of \$300,000 (in addition to any other payments our compensation committee may award in its sole discretion) upon:

- an individual, entity or group becoming the beneficial owner of more than 50% of the total voting power of our total outstanding voting securities on a fully-diluted basis;
- an individual or entity acquiring substantially all of our assets and business; or
- a merger, consolidation, reorganization, business combination or acquisition of assets or stock of another entity, other than in a transaction that results in our voting securities outstanding immediately before the transaction continuing to represent at least 50% of the combined voting power of the successor entity's outstanding voting securities immediately after the transaction.

However, a change in control does not include a financing transaction approved by our board of directors and involving the offering and sale of shares of our capital stock.

The employment agreement also provides that if Mr. Rudis is terminated by reason of his death or disability, he or his estate is entitled to receive:

- any accrued, unpaid base salary payable in effect on the date of termination;
- any unreimbursed business expenses outstanding as of the date of termination; and
- any accrued but unused vacation pay as of the date of termination.

If Mr. Rudis voluntarily resigns prior to the end of the term, he will not be entitled to receive any bonus payments. If we terminate Mr. Rudis without cause, then subject to certain requirements, Mr. Rudis will be entitled to:

- a severance benefit in the form of continuation of his base salary in effect at the date of termination and payment of COBRA health insurance premiums for the longer of twelve months or the remaining unexpired portion of the initial term of the agreement; and
- a pro rated bonus payment under the terms of a bonus plan, if any, pursuant to which a bonus has been earned, payable at the time provided in the bonus plan.

The above descriptions are qualified by reference to the complete text of Mr. Rudis' employment agreement, which is attached to this report as Exhibit 10.1 and incorporated herein by this reference.

Item 6. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1# (1)	Employment Agreement, entered into as of February 6, 2012 between Overhill Farms, Inc., and James Rudis
31.1 (1)	Certification of Chief Executive Officer Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 (1)	Certification of Chief Financial Officer Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32 (1)	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<hr/>	
(1)	Attached hereto.
#	Management contract or compensatory plan or arrangement
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OVERHILL FARMS, INC.
(Registrant)

Date: February 9, 2012

By: /s/ James Rudis
James Rudis
Chief Executive Officer
(principal executive officer)

Date: February 9, 2012

By: /s/ Tracy E. Quinn
Tracy E. Quinn
Chief Financial Officer
(principal financial officer)

EXHIBITS ATTACHED TO THIS FORM 10-Q

<u>Exhibit Number</u>	<u>Description</u>
10.1#	Employment Agreement, entered into as of February 6, 2012 between Overhill Farms, Inc., and James Rudis
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#	Management contract or compensatory plan or arrangement.

EMPLOYMENT AGREEMENT OF JAMES RUDIS

THIS EMPLOYMENT AGREEMENT (the "Agreement") is dated as of February 1, 2012 between Overhill Farms, Inc., having its principal place of business at 2727 East Vernon Avenue, Vernon, California 90058 (the "Company"), and James Rudis, an individual residing in New York (the "Executive").

The Company and the Executive (collectively referred to herein as the "Parties") enter this Agreement on the basis of the following facts, understandings and intentions:

A. The Company is engaged in the manufacture of custom prepared frozen food products for branded retail, private label, foodservice and airline customers;

B. The Company is willing to continue Executive's employment and Executive desires to continue his employment with the Company, based upon the terms and conditions set forth in this Agreement;

C. In the course of the employment contemplated under this Agreement, it will be necessary for Executive to acquire knowledge of certain trade secrets and other confidential and proprietary information regarding the Company; and

D. The Company and Executive acknowledge and agree that the execution of this Agreement is necessary to memorialize the terms and conditions of their employment relationship as well as safeguard against the unauthorized disclosure or use of the Company's confidential information and to otherwise preserve the goodwill and ongoing business value of the Company.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Company and the Executive agree as follows:

1. Incorporation of Recitals. The recitals stated above are hereby incorporated by reference as though fully set forth at length herein.

2. Employment. The Company hereby agrees to employ Executive, and Executive hereby agrees to be employed by the Company, subject to the terms and conditions set forth herein. This Agreement shall govern the employment relationship between the Company and Executive from January 1, 2012 (the "Effective Date") until terminated in accordance with the provisions of this Agreement. The total period of the Executive's employment under this Agreement is referred to herein as the "Employment Period."

3. Term. The initial term of this Agreement shall be from the Effective Date through December 31, 2014. Thereafter, subject to the notice provisions contained in Section 6, Executive's employment shall continue until terminated by either Party. The Company is an at-will employer, and, after the initial term, the employment relationship between the Company and Executive pursuant to this Agreement shall not be for any specific term, but may be terminated with or without cause, by the Company or by Executive, at any time and for any reason, subject to the rights and obligations of the Parties as set forth in this Agreement. Any modification to the nature of the at-will employment relationship between the Company and Executive after the initial term must be made in writing, and must be signed by Executive and an authorized representative of the Board of Directors of the Company (the "Board").

4. Position.

(a) Title, Position and Duties. Executive shall be employed by the Company in the position of Chief Executive Officer and President, and Executive shall have the normal and reasonable duties, responsibilities and authority commensurate with such positions as determined by the Board. In addition to, and coterminous with, Executive's service as Chief Executive Officer of the Company, Executive shall serve as Chairman of the Board. In the performance of Executive's duties, Executive shall be subject to the direction of the Board, and will report directly to the Board.

(b) Place of Employment. During the Employment Period, Executive generally shall perform the services required by this Agreement at a Company office in the New York area and, as needed by the Company, at the Company's principal place of business in Vernon, California, or other such locations as are necessary for the Executive to perform his duties hereunder. The Company may also require Executive to travel to other locations on the Company's business from time to time.

(c) Best Efforts. Executive shall devote his best efforts and substantially full working time and attention to the promotion and advancement of the Company and its objectives. Executive shall serve the Company faithfully and to the best of

Executive's ability, and shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to Executive from time to time by the Board.

5. Compensation and Related Matters.

(a) Base Salary. During the Employment Period, conditioned upon Executive's continued employment by the Company, and contingent upon Executive's compliance with all the terms and provisions of this Agreement, the Company shall pay the Executive a base salary at the annual rate of Four Hundred Seventy Five Thousand Dollars (\$475,000.00) (the "Base Salary"). Executive's Base Salary shall be paid according to the standard payroll practices of the Company, including those Company practices related to withholding for taxes, insurance and similar items. Compensation shall be reviewed on an annual basis and shall be subject to a minimum increase in a percentage not less than that of the annual increase in the cost of living as determined by reference to the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, U.S. City Average All Items, Base Period 1982-84 = 100.

(b) Bonuses. Executive shall be eligible to receive annual bonuses during the Employment Period, if and as determined in the sole and absolute discretion of the Compensation Committee, subject to Section 9.

(c) Reimbursement for Business Expenses. The Company will promptly reimburse Executive for all reasonable expenses incurred by Executive for a legitimate business purpose, provided that: (i) each such expenditure is of a nature qualifying it as a proper deduction on the Company's federal and state income tax returns; and (ii) Executive timely furnishes to the Company adequate records and other documentary evidence for each such expenditure (such as a receipt of paid bills) required by federal and state statutes, regulations, rulings, and procedures for the substantiation of each such expenditure as an income tax deduction. Notwithstanding the foregoing, the Company acknowledges that Executive maintains his principal residence and office in the state of New York, and the Company agrees to pay or reimburse all past and/or present travel and related expenses to and from New York, and any related costs (including a "gross-up" for income taxes if the Internal Revenue Service determines that such reimbursements constitute taxable income to the Executive), and without regard to tax deductibility by the Company. The Company further acknowledges that all of Executive's air travel may be business or first class.

(d) Benefit Plan Eligibility. During the Employment Period, the Executive shall be entitled to participate in such benefit plans that are made generally available by the Company to senior management executives of the Company from time to time, including, but not limited to group medical, dental, life insurance, long-term disability benefits and the Company's 401(k) defined contribution plan, in each case subject to the terms and conditions of the applicable plan documents. Nothing in this Section 5(d) is intended or shall be construed to require the Company to institute or to continue any, or any particular, plan or benefit. If Executive chooses not to participate in the Company's existing group medical insurance plan, and provided that Executive is and remains covered by a separate medical insurance plan, the Company will reimburse Executive for his and his immediate family's actual premiums for such separate medical plan, provided that the reimbursement amount shall not exceed amounts paid by the Executive for such coverage immediately prior to the Effective Date.

(e) Life Insurance. The Company shall make available, at its costs, a life insurance policy in the amount of \$1 million for the sole and exclusive benefit of Executive (the "Policy"). Executive shall be entitled to name the beneficiary under the Policy, and the Company shall, upon demand from Executive at any and all times, execute and deliver any forms, notices or other documentation requested by Executive in connection with the Policy. Upon request of Executive, the Company agrees to transfer ownership of the Policy to Executive.

(f) Automobile. The Company shall provide an automobile allowance in the amount of \$800 per month. The Company also agrees to pay all automobile operating expenses, including, without limitation, maintenance and repair, gas, oil, car washes, insurance and deductible amounts arising from any claim against such insurance.

(g) Vacation and Holidays. During the Employment Period, Executive shall be entitled to four weeks of paid vacation each calendar year, and Executive shall be entitled to all paid Company holidays, subject to the Company's vacation and holiday policies, as in effect from time to time; provided, however, that the Company agrees to cash out and pay Executive for the portion of any vacation time not used by the end of the calendar year in which it was earned (or at such later date as may be specified by Executive). In addition, Executive shall be entitled to ten (10) paid sick or personal business days per year.

(h) Change In Control Bonus. If a Change in Control occurs, then the Company shall pay Executive a minimum of \$300,000, in addition to any other amounts that the Compensation Committee may award in its sole and absolute discretion. "Change in Control" means the occurrence of any of the following events occurring after the Effective Date of this Agreement:

(i) a Person (as defined below) or two or more Persons acting as a group directly or indirectly becomes the “beneficial owner” (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Securities Exchange Act of 1934) of more than fifty percent (50%) of the total voting power of the total outstanding voting securities of the Company on a fully diluted basis;

(ii) a Person directly or indirectly acquires all or substantially all of the assets and business of the Company; or

(iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) the acquisition of assets or stock of another entity, in each case, other than a transaction which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the entity or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “Successor Entity”)) directly or indirectly, at least fifty percent (50%) of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction.

Notwithstanding the foregoing, for purposes of this Section 5(h) a financing transaction approved by the Board and involving the offering and sale of shares of the Company’s capital stock shall not be a “Change in Control.” “Person” means any natural person, corporation, or any other entity.

(i) Withholding. The Company shall withhold from the compensation and benefits payable under this Agreement any amounts required to be withheld under applicable law.

6. Termination. Executive’s employment hereunder shall be, or may be, as applicable, terminated under the following circumstances:

(a) Death. Executive’s employment under this Agreement shall terminate immediately upon his death.

(b) Incapacity. Executive’s employment under this Agreement shall terminate upon Executive’s physical or mental incapacity to perform the essential functions of his position under this Agreement for more than ninety (90) consecutive days during any twelve (12) month period. Any question or disagreement between the Parties as to the existence of a physical or mental condition which would give rise to such an incapacity will be resolved by the results of an examination by a qualified physician, to be mutually agreed upon by the Parties. If the Parties fail to agree on the selection of a physician, each shall select a physician who will then together select an independent physician to conduct the examination and render a decision as to whether Executive is incapacitated as defined in this Agreement. The Parties agree to be bound by the decision of the independent physician. Any examining physician shall be furnished with information concerning the essential functions of Executive’s position prior to conducting such an examination. Notwithstanding anything expressed or implied above to the contrary, the Company will fully comply with its obligations under the Americans with Disabilities Act, and with any other applicable federal, state or local law, regulation or ordinance, governing the protection of individuals with disabilities.

(c) Discharge by the Company. After expiration of the initial term, Executive’s at-will employment hereunder may be terminated by the Company at any time with or without “Cause” (as defined in Section 8(b)(iii)), upon written Notice of Termination to Executive. For purposes of this Agreement, a “Notice of Termination” means a written notice which indicates the specific termination provision in this Agreement relied upon as a basis for termination of the Executive’s employment (which may be a reference to this Section 6(c) if the termination is without Cause).

(d) Voluntary Resignation by Executive. After expiration of the initial term, Executive may voluntarily resign Executive’s position and terminate Executive’s at-will employment hereunder at any time by delivery of a written notice of resignation to the Company (the “Notice of Resignation”). The Notice of Resignation shall set forth the date such resignation shall become effective (the “Date of Resignation”), which date shall be not less than sixty (60) days after the date the Notice of Resignation is delivered to the Company. Notwithstanding the foregoing notice requirement, the Company may, in its sole discretion, elect to accept Executive’s resignation effective immediately upon delivery, or effective on such other date during the sixty (60) day notice period, in which case, such date shall be the Date of Resignation.

(e) Date of Termination. “Date of Termination” means: (i) if Executive’s employment is terminated by his death, the date of his death; (ii) if Executive’s employment is terminated by reason of his incapacity, the date of the opinion of the physician referred to in Section 6(b); (iii) if Executive’s employment is terminated by the Company for Cause or without Cause pursuant to Section 6(c), the date specified in the Notice of Termination; or (iv) if Executive voluntarily resigns pursuant to Section 6(d), the Date of Resignation as determined by reference to Section 6(d).

7. Obligations upon Termination.

(a) Return of Property. Executive hereby acknowledges and agrees that all property (including, without limitation, any documents, files and electronic information) and equipment furnished to or prepared by Executive in the course of or incident to Executive's employment belongs to the Company and shall be promptly returned to the Company on or before the Date of Termination.

(b) Complete Resignation. Upon Executive's separation from employment for any reason under Section 6, Executive shall resign, effective upon the Date of Termination, from all offices then held with the Company or any of its subsidiaries and affiliates.

(c) Survival of Representations, Warranties, Covenants and Other Provisions. The representations and warranties contained in this Agreement and the parties' obligations under this Section 7 and Sections 10 through 14, inclusive, shall survive the termination Executive's employment and of this Agreement.

8. Compensation upon Termination. Subject to Section 9, Executive shall be entitled to the following payments in the event of the termination of Executive's employment with the Company:

(a) Death or Incapacity. If Executive's employment is terminated by reason of death or incapacity pursuant to Section 6(b), the Company shall pay to Executive (or his estate if by death): (i) any accrued, unpaid Base Salary payable under Section 5(a) as in effect on the Date of Termination; (ii) any unreimbursed business expenses under Section 5(d) outstanding as of the Date of Termination; and (iii) any accrued but unused vacation pay as of the Date of Termination (collectively, the "Accrued Compensation").

(b) Termination by the Company.

(i) For Cause. If Executive's employment is terminated by the Company pursuant to Section 6(c) for Cause (as defined in Section 8(b)(iii)), the Company shall pay to Executive the Accrued Compensation.

(ii) Without Cause. If Executive's employment is terminated by the Company pursuant to Section 6(c) without Cause, the Company shall pay to the Executive the Accrued Compensation and a "Severance Benefit," as follows. The Severance Benefit shall be a continuation of Executive's Base Salary in effect as of the Date of Termination for the longer of (A) twelve (12) months following the Date of Termination or (B) the remaining unexpired portion of the initial term, payable as provided in Section 5(a), together with the Continued Health Insurance Benefit as set forth and defined in Section 8(d), commencing on the Date of Termination; provided however, that no such Severance Benefit shall be paid unless and until Executive executes and delivers to the Company, and any applicable revocation period required by law has lapsed and the Executive has not revoked, a general release of claims in a form acceptable to the Company in its sole and absolute discretion, and the Executive is not in material breach of any of the provisions of this Agreement. In addition, the Company shall pay Executive the pro-rata portion of any bonuses earned through the Date of Termination, paid in accordance with the terms of the bonus plan pursuant to which any bonus may have been earned; provided, however, that the Company is not required to calculate or pay any bonus prior to the regularly scheduled time for making such calculation or payment.

(iii) Definition of "Cause." For the purpose of this Agreement, "Cause" means a finding by the Board that: (a) Executive breached any of the material terms of this Agreement or any confidentiality or proprietary information and inventions agreement with the Company, including without limitation, by Executive's theft or other misappropriation of the Company's proprietary information; (b) Executive failed to perform assigned duties, or acted with gross negligence, willful misconduct or fraudulently in the performance of Executive's duties; or (c) Executive has been convicted of, or has entered a plea of guilty or nolo contendere to, a criminal offense that is injurious to the Company or the business reputation of the Company. The Company will provide Executive with written notice of any of these events and a ten (10) day opportunity to cure such matter to the satisfaction of the Company.

(c) Voluntary Resignation. If Executive terminates Executive's employment with the Company pursuant to Section 6(d), the Company shall pay to the Executive the Accrued Compensation.

(d) Continued Health Insurance Benefit. After the Date of Termination, and until Executive becomes eligible for coverage under Medicare Parts A and B, the Company will continue to provide Executive with medical and dental coverage on the same terms as provided in Section 5(d).

(e) Compliance with Obligations. The continuing obligation of the Company to pay to Executive any Severance Benefit under Section 8(b)(ii) or portion thereof is expressly conditioned upon Executive's continued compliance with

Executive's obligations and covenants under Sections 10, 11 and 13 following the termination of Executive's employment with the Company.

9. Compliance with Section 409A of the Internal Revenue Code.

(a) Short-Term Deferral Exemption. This Agreement is not intended to provide for any deferral of compensation subject to Section 409A of the Internal Revenue Code (the "Code") and, accordingly, the benefits provided pursuant to this Agreement are intended to be paid not later than the later of: (i) the fifteenth (15th) day of the third (3rd) month following the Executive's first taxable year in which such benefit is no longer subject to a substantial risk of forfeiture, and (ii) the fifteenth day of the third month following the first taxable year of the Company in which such benefit is no longer subject to a substantial risk of forfeiture, as determined in accordance with Section 409A of the Code and any Treasury Regulations and other guidance issued thereunder. The date determined under this Section 9(a) is referred to as the "Short-Term Deferral Date."

(b) Compliance with Section 409A of the Code. Notwithstanding anything to the contrary herein, in the event that any benefits provided pursuant to this Agreement are not actually or constructively received by the Executive on or before the Short-Term Deferral Date, to the extent such benefit constitutes a deferral of compensation subject to Section 409A of the Code, then: (i) subject to clause (ii), such benefit shall be paid upon Executive's separation from service, with respect to the Company and its affiliates within the meaning of Section 409A of the Code, and (ii) if Executive is a "specified Executive," as defined in Section 409A(a)(2)(B)(i) of the Code, with respect to the Company and its affiliates, such benefit shall be paid upon the date which is six months after the date of Executive's "separation from service" (or, if earlier, the date of Executive's death). If any benefit provided for in this Agreement is subject to this Section 9(b), such benefit shall be paid on the sixtieth (60th) day following the payment date determined under this subsection.

10. Covenant of Confidentiality. Executive will not at any time during the Employment Period or at any time following the Employment Period disclose or use for his own benefit or purposes or the benefit or purposes of any other person, firm, partnership, joint venture, association, corporation or other organization, entity or enterprise other than the Company (or any of its subsidiaries or affiliated companies), any Confidential Information, without the Company's written consent, unless and to the extent that the Confidential Information is or becomes generally known to and available for use by the public other than as a result of Executive's fault is independently developed by Executive without use of or reference to any Confidential Information, as can be demonstrated in Executive's written records, is furnished by the Company to a third party without restrictions similar to the terms hereof on such third party's right to use or disclose such information, or is required by law to be disclosed by Executive. As used herein, the term "Confidential Information" means any and all information about inventions, improvements, modifications, discoveries, costs, profits, markets, sales, products, employees, pricing policies, operational methods, concepts, technical processes and applications, and other business affairs and methods of the Company and of its affiliates, collaborators, consultants, suppliers, and customers, as well as any other similar information not readily available to the public, including without limitation any information supplied by third parties to the Company under an obligation of confidence. Confidential Information may be contained in various media, including without limitation patent applications, computer programs in object and/or source code, flow charts and other program documentation, manuals, plans, drawings, designs, technical specifications, supplier and customer lists, internal financial data, and other documents and whether or not in written form and whether or not labeled or identified as confidential or proprietary. Notwithstanding any contrary provision of this Section 10, however, the term "Confidential Information" shall not include information which: (i) is or becomes generally available to the public other than as a result of the disclosure of such information directly or indirectly by Executive; or (ii) comes into Executive's possession through a source other than the Company; provided, however, that such source is not known to Executive to be bound by a confidentiality agreement with the Company or is not otherwise known to Executive to be bound not to disclose such information. Moreover, nothing in this Agreement shall be construed so as to prohibit Executive's compliance with a valid order of a court of competent jurisdiction concerning the disclosure of Confidential Information, provided that Executive shall give the Company prior written notice of such disclosure and Executive shall take all reasonable and lawful actions to obtain confidential treatment for such disclosure and, if possible, to minimize the extent of such disclosure. Unless, however, such Confidential Information is made public by such court, all such information shall remain Confidential Information under this Agreement.

11. No Competition During Employment; Non-Solicitation. Executive agrees that during the Employment Period Executive has a duty of loyalty to the Company and will not directly or indirectly engage in any other employment, engagement, or other business activity directly related to the business in which the Company (or any of its subsidiaries or affiliated companies) is now involved or becomes involved during the Employment Period. Executive agrees during the Employment Period not to plan or otherwise take any preliminary steps, either alone or in concert with others, to set up or engage in any business enterprise that would be in competition with the Company (or any of its subsidiaries or affiliated companies). However, Executive may make passive investments in any business, provided that such investments shall not exceed a two percent (2%) interest if the business is competitive with the business of the Company (or any of its subsidiaries or affiliated companies). Without limiting the foregoing, Executive further covenants that:

(a) During the Employment Period and for a period of one (1) year following the termination of Executive's employment with the Company for any reason, Executive shall not directly or indirectly, either alone or in concert with others, on Executive's own behalf or on behalf of any other person or entity, solicit, or attempt to persuade or solicit any employee of the Company to terminate his employment with the Company, or to work for anyone in competition with the Company.

(b) Executive further understands and agrees that any solicitation by Executive of the Company's customers and/or suppliers which involves the use or disclosure of the Company's Confidential Information could be a breach of Executive's obligations under this Agreement and a violation of applicable laws protecting trade secret information and prohibiting unfair competition. Accordingly, in order to protect the Company's Confidential Information, Executive agrees during the Employment Period and for a period of one (1) year following the termination of Executive's employment with the Company for any reason, not to directly or indirectly, either alone or in concert with others, on Executive's own behalf or on behalf of any other person or entity, use the Company's Confidential Information: (i) in connection with any solicitation, or any attempt to persuade or solicit, any existing customer or supplier of the Company to cease to do business, or to reduce the amount of business which any customer or supplier of the Company has customarily done or contemplates doing, with the Company; or (ii) in connection with any solicitation, or any attempt to persuade or solicit, any existing customer or supplier of the Company to do or expand business with a competitor of the Company.

12. Other Obligations of Executive and Employer.

(a) Executive agrees to conduct himself at all times with due regard to public conventions and morals.

(b) Executive and Employer mutually agree not to do or commit any act that will reasonably tend to degrade the other party or to bring the other party into public hatred, contempt, or ridicule, or that will reasonably tend to shock or offend the community, or to prejudice the other party.

(c) Executive covenants that, in performing his duties for Employer, Executive will abide by all applicable federal, state, and local statutes, ordinances, rules, and regulations.

13. Assignment of Rights.

(a) Copyrights. Executive agrees that all works of authorship fixed in any tangible medium of expression by him during the term of this Agreement relating to the Company's business ("Works"), either solely or jointly with others, shall be and remain exclusively the property of the Company. Each such Work created by Executive is a "work made for hire" under the copyright law and the Company may file applications to register copyright in such Works as author and copyright owner thereof. If, for any reason, a Work created by Executive is excluded from the definition of a "work made for hire" under the copyright law, then Executive does hereby assign, sell, and convey to the Company the entire rights, title, and interests in and to such Work, including the copyright therein, to the Company. Executive will execute any documents that the Company deems necessary in connection with the assignment of such Work and copyright therein. Executive will take whatever steps and do whatever acts the Company requests, including, but not limited to, placement of the Company's proper copyright notice on Works created by Executive to secure or aid in securing copyright protection in such Works and will assist the Company or its nominees in filing applications to register claims of copyright in such Works. The Company shall have free and unlimited access at all times to all Works and all copies thereof and shall have the right to claim and take possession on demand of such Works and copies.

(b) Inventions. Executive agrees that all discoveries, concepts, and ideas, whether patentable or not, including, but not limited to, apparatus, processes, methods, compositions of matter, techniques, and formulae, as well as improvements thereof or know-how related thereto, relating to any present or prospective product, process, or service of the Company ("Inventions") that Executive conceives or makes during the term of this Agreement relating to the Company's business, shall become and remain the exclusive property of the Company, whether patentable or not, provided, however; that the provisions of this Agreement requiring assignment of Inventions to the Company do not apply to any Invention which qualifies fully under the provisions of California Labor Code Section 2870, including any idea or invention which is developed entirely on Executive's own time without using the Company's equipment, supplies, facilities or trade secret information, and which is not related to the Company's business, whether actual or demonstrably anticipated, and which does not result from work performed for the Company. Subject to the foregoing, Executive will, without royalty or any other consideration:

(i) Inform the Company promptly and fully of such Inventions by written reports, setting forth in detail the procedures employed and the results achieved;

(ii) Assign to the Company all of his rights, title, and interests in and to such Inventions, any applications for United States and foreign Letters Patent, any United States and foreign Letters Patent, and any renewals thereof granted upon such Inventions;

(iii) Assist the Company or its nominees, at the expense of the Company, to obtain such United States and foreign Letters Patent for such Inventions as the Company may elect; and

(iv) Execute, acknowledge, and deliver to the Company at the Company's expense such written documents and instruments, and do such other acts, such as giving testimony in support of his inventorship, as may be necessary in the opinion of the Company, to obtain and maintain United States and foreign Letters Patent upon such Inventions and to vest the entire rights and title thereto in the Company and to confirm the complete ownership by the Company of such Inventions, patent applications, and patents.

14. Injunctive Relief and Enforcement. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Sections 10, 11, or 13 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining orders, temporary or permanent injunctions or any other equitable remedy which may then be available, and to exercise such remedies cumulatively or in conjunction with all other rights and remedies provided by law and not otherwise limited by this Agreement.

15. Notice. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when transmitted by telecopy with receipt confirmed, or one day after delivery to an overnight air courier guaranteeing next day delivery, addressed as follows:

If to the Executive: James Rudis
At the address, telephone and telecopy numbers in the Company's records

If to the Company: Overhill Farms, Inc.
2727 East Vernon Avenue
Vernon, California 90058
Attention: Chief Financial Officer
Attention: Board of Directors
Telephone: (323) 582-9977
Telecopy: (323) 582-6418

or to such other address as any such party may furnish to the others from time to time in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

16. Interpretation of Agreement. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning. This Agreement has been negotiated by the Parties and is to be interpreted as if the Parties had prepared it together and not strictly for or against any Party. References in this Agreement to "Section" refer to numbered sections, paragraphs and subparagraphs of this Agreement, unless the context expressly indicates otherwise. References to "provisions" of this Agreement refer to the terms, conditions, restrictions and promises contained in this Agreement. References in this Agreement to applicable laws and regulations refer to such laws and regulations as in effect on the Effective Date of this Agreement, and to the corresponding provisions, if any, of any successor law or regulation. Forms of the verb "including" mean "including without limitation" unless the context expressly indicates otherwise. "Or" is inclusive and includes "and" unless the context expressly indicates otherwise.

17. Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect; provided, however, that if any one or more of the terms contained in Section 10, 11 or 13 shall for any reason be held to be excessively broad with regard to time, duration, geographic scope or activity, that term shall not be deleted but shall be reformed and constructed in a manner to extend over the maximum period of time for which it may be enforceable and to the maximum extent in all other respects as to which it may be enforceable, and enforced as so interpreted.

18. Expenses. If any action at law or equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reimbursement of reasonable attorney's fees and other costs incurred by such party in connection with such action, in addition to any other relief to which such party is entitled.

19. Assignment. Executive acknowledges that Executive's abilities and capabilities are unique and distinct and that the Company is relying upon him to personally provide the services contemplated by this Agreement. Executive's rights, duties and obligations under this Agreement shall not be assignable by Executive in any manner whatsoever without the prior written consent of the Company's Board of Directors. This Agreement will inure to the benefit and be binding upon the Company and its successors and assigns.

20. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

21. Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be construed as part of this Agreement, and shall not be employed in the construction of this Agreement.

22. Gender and Number. Except where otherwise clearly indicated by context, the masculine and the neuter shall include the feminine and the neuter, and the singular shall include the plural, and vice-versa.

23. Choice of Law. This Agreement shall be governed by and construed under and according to the internal substantive laws, and not the laws of conflicts, of the State of California, except with respect to matters of law concerning the internal corporate affairs of any corporate entity which is a party to or the subject of this Agreement, and as to those matters the law of the jurisdiction under which the respective entity derives its powers shall govern. The Company and Executive irrevocably submit to the exclusive jurisdiction of any State or Federal court sitting in Los Angeles County, California, over any suit, action, or proceeding arising out of or related to this Agreement.

24. Entire Agreement. This Agreement contains the entire agreement and understanding between the Company and Executive with respect to the employment of Executive by the Company as contemplated hereby and no representations promises agreements or understandings written or oral, not herein contained shall be of any force or effect. This Agreement supercedes and replaces the Employment Agreement dated February 18, 2010, which shall be deemed terminated and of no further force and effect upon effectiveness of this Agreement. This Agreement shall not be modified or amended unless in writing and signed by both Executive and an authorized representative of the Company or the Board.

25. Executive's Acknowledgement. Executive acknowledges, represents and agrees that:

(a) Executive has read and understands the terms of this Agreement and Executive's obligations hereunder, and Executive agrees to abide by the terms of this Agreement.

(b) Executive has had the opportunity to be represented by legal counsel of his choosing in preparing, negotiating, executing and delivering this Agreement.

(c) In connection with this Agreement and Executive's employment under this Agreement, other than as expressly stated in this Agreement, the Company makes and has made no promises or representations concerning future promotions, compensation, or other terms and conditions of employment, and by accepting employment under this Agreement, Executive has not relied upon or been induced to accept employment with the Company on the basis of any such promises or representations.

(d) The execution of this Agreement by Executive and his employment by the Company and the performance of his duties herewith will not violate or breach any agreement with a former employer, client or any other person or entity. Executive has not entered into, and Executive agrees that he will not enter into, any agreement, either written or oral, which is in conflict with this Agreement.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the date and year first written above.

"Company"

Overhill Farms, Inc.

By: /s/ Tracy E. Quinn
Tracy Quinn, Chief Financial Officer

"Executive"

/s/ Jim Rudis
James Rudis

Certification of Chief Executive Officer Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James Rudis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Overhill Farms, Inc. (the “registrant”):

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

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

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

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

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

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

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

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

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

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

Date: February 9, 2012

By: /s/ James Rudis
James Rudis
Chief Executive Officer
(principal executive officer)

Certification of Chief Financial Officer Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Tracy E. Quinn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Overhill Farms, Inc. (the “registrant”):

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

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

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

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

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

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

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

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

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

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

Date: February 9, 2012

By: /s/ Tracy E. Quinn
Tracy E. Quinn
Chief Financial Officer
(principal financial officer)

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

In connection with the quarterly report on Form 10-Q of Overhill Farms, Inc. (the "Company") for the quarter ended January 1, 2012 (the "Report"), the undersigned hereby certify in their capacities as Chief Executive Officer and Chief Financial Officer of the Company, respectively, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 9, 2012

By: /s/ James Rudis
James Rudis
Chief Executive Officer
(principal executive officer)

Date: February 9, 2012

By: /s/ Tracy E. Quinn
Tracy E. Quinn
Chief Financial Officer
(principal financial officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.