Amish Naturals, Inc.
Form 10-Q
February 19, 2009

FORM 10-Q
U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended: December 28, 2008

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 No. 000-50662

AMISH NATURALS, INC.
(Exact Name of registrant as specified in its Charter)

Nevada	98-0377768
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

6399 State Road 83, Holmesville, OH 44633
(Address and telephone number of Principal Executive Offices)

(330) 674-0998
(Issuer's Telephone Number, Including Area Code)

(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 [CX] No [_]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes [_]No [_]

As of February 17, 2009, the Registrant had 47,263,253 Shares of Common Stock outstanding.

Transitional Small Business Disclosure Format (check one); Yes [ ] No [X]

Amish Naturals, Inc. and Subsidiary
Index to the Consolidated Financial Statements
As of December 28, 2008 and September 28, 2008
For the Three-Month periods Ended December 28, 2008 and December 30, 2007

Item 1. FINANCIAL INFORMATION

Financial Statements of Amish Naturals, Inc.

Amish Naturals, Inc. and Subsidiary
Consolidated Balance Sheet
As of December 28, 2008 and September 28, 2008

	As of December 28, 2008	As of September 28, 2008
ASSETS		
Current assets:		
Cash	$ 5,428	$ 32,586
Accounts receivable-trade	90,813	127,084
Inventories	683,991	689,994
Prepaid insurance	50	50
Total current assets	780,282	849,714

Property and equipment, net of accumulated depreciation of $576,006 and $477,772, respectively	2,818,183	2,916,417
Deposits	138	138
Total assets	$ 3,598,603	$ 3,766,269

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Convertible notes payable - in default	$ 9,618,750	$ 9,618,750
Accounts payable - trade	491,303	424,008
Accrued expenses	140,037	53,823
Capital lease obligations - current portion	8,967	8,967
Note payable - current portion	16,251	16,251
Accrued interest	329,302	126,802
Total current liabilities	10,604,610	10,248,601
Capital lease obligations	24,716	26,881
Note payable	10,642	14,551
Total liabilities	10,639,968	10,290,033
Commitments and contingencies		
Shareholders' equity (deficit):		
Series A convertible preferred , $0.001 par value, 20,000,000 shares authorized, none issued	--	--
Common stock, $0.001 par value, 560,000,000 shares authorized, 45,773,779 shares issued and outstanding	45,774	45,774
Additional paid-in capital	16,350,559	16,350,559
Accumulated deficit	(23,437,698)	(22,920,097)
Total shareholders' deficit	(7,041,365)	(6,523,764)
Total liabilities and shareholders' equity	$ 3,598,603	$ 3,766,269

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

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Amish Naturals, Inc. and Subsidiary
Consolidated Statement of Operations
For the Three-Month periods Ended December 28, 2008 and December 30, 2007

	For The Three-Month Period Ended December 28, 2008	For The Three-Month Period Ended December 30, 2007

Gross sales	$ 336,201	$ 205,172
Less: Slotting fees	(243)	--
Less: returns and allowances	(57,140)	(12,472)
Net sales	278,818	192,700
Cost of sales	(230,733)	(280,059)
Gross profit (loss)	48,085	(87,359)
Operating expenses:		
Marketing	36,942	191,972
General and administrative	292,450	939,837
Product development	655	29,508
Professional fees	31,454	82,048
Stock-based charges	--	312,031
Total operating expenses	361,501	1,555,396
Operating loss	(313,416)	(1,642,755)
Other income (expense):		
Interest income	16	18,056
Interest expense	(204,200)	(532,951)
Total other expense	(204,184)	(514,895)
Net loss	$ (517,600)	$ (2,157,650)
Net loss per common share - basic and diluted	$ (0.01)	$ (0.05)
Weighted average number of shares outstanding - basic and diluted	44,179,995	44,154,995

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

Amish Naturals, Inc. and Subsidiary

Consolidated Statement of Cash Flows
For the Three-Month periods Ended December 28, 2008 and December 30, 2007

	For The Three-Month Period Ended December 28, 2008	For The Three-Month Period Ended December 30, 2007
Cash flows used in operating activities:		
Net loss	$ (517,600)	$(2,157,650)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	98,234	91,497
Stock-based compensation	--	312,031
Accretion of debt discount	--	390,764
Accrued interest	202,500	138,750
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable-trade	36,271	(89,781)
Inventory	6,003	(350,319)
Other assets	--	(50)
Increase (decrease) in:		
Accounts payable - trade	67,295	61,380
Accrued liabilities	86,213	48,895
Net cash used in operating activities	(21,084)	(1,554,483)
Cash flows used in investing activities:		
Acquisition of equipment	--	(517,448)
Acquisition of intangible assets	--	(203,975)
Net cash used in investing activities	--	(721,423)
Cash flows provided by financing activities:		
Proceeds from the sale of shares and exercise of warrants and options	--	50,000
Repayment of loans and capital leases	(6,074)	(4,336)
Net cash provided by (used in) financing activities	(6,074)	45,664
Net decrease in cash	(27,158)	(2,230,242)
Cash - beginning of period	32,586	3,770,542
Cash - end of period	$ 5,428	$ 1,540,300

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

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Amish Naturals, Inc. and Subsidiary
Consolidated Statement of Cash Flows
For the Three-Month periods Ended December 28, 2008 and December 30, 2007

Supplemental Disclosure of Cash Flow Information

	For The Three-Month December 28, 2008	For The Three-Month December 30, 2007
Interest paid	$ 1,700	$ --
Income taxes paid	$ -	$ --

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

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Amish Naturals, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
As of December 28, 2008 and September 28, 2008 and
For the Three-Month periods Ended December 28, 2008 and December 30, 2007

1. Description of Business

Amish Naturals, Inc., (the "Company") was incorporated in Nevada on September 2, 2005, and commenced operations in January 2006. The Company commenced sales of its products and is therefore no longer considered to be in the development stage.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Amish Naturals, Inc. and its wholly owned subsidiary. All significant transactions among the consolidated entities have been eliminated upon consolidation.

Definition of Fiscal Year

We report our results of operations on a 52- or 53-week fiscal year ending on the last Sunday in September. Each fiscal three month period contains thirteen weeks.

Basis of Presentation

These financial statements are presented in United States dollars and have been prepared in accordance with accounting principles generally accepted in the United States.

Use of Estimates

Preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates are the determination of the useful lives of property and equipment, the valuation of the discount on the convertible note payable and the determination of the valuation reserve of the United States income tax assets. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

Fair Value of Financial Instruments

Statement of Financial Accounting Standards ("SFAS") No. 107, Disclosures About Fair Value of Financial Instruments, requires management to disclose the estimated fair value of certain assets and liabilities defined by SFAS No. 107 as financial instruments. Financial instruments are generally defined by SFAS No. 107 as cash and cash equivalents, evidence of ownership interest in equity, or a contractual obligation that both conveys to one entity a right to receive cash or other financial instruments from another entity and imposes on the other entity the obligation to deliver cash or other financial instruments to the first entity.

At December 28, 2008, the Company's financial instruments are cash and cash equivalents, accounts receivable-trade, accounts payable-trade, accrued liabilities, note payable and a convertible note payable. The recorded values of cash and cash equivalents, accounts receivable-trade, accounts payable-trade, and accrued liabilities approximate their fair values based on their short-term nature. The recorded value of the convertible note payable before discount approximates the fair value as interest approximates market rates.

Cash

The Company considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents. As of December 28, 2008, the Company's cash and cash equivalents were deposited primarily in one financial institution.

At December 28, 2008, the Company had no cash on deposit that exceeded the United States (FDIC) federally insurance limit.

Inventories

The Company uses the lower of cost (determined using the first-in, first-out method) or market for valuing inventories. Transportation costs are charged to cost of sales when incurred.

Identifiable Intangible Assets

Identifiable intangible assets with definite lives are amortized over their estimated useful lives and tested for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may be impaired.

Identifiable intangible assets that are subject to amortization are evaluated for impairment using a process similar to that used in evaluating elements of property, plant and equipment. If impaired, the intangible asset is written down to its fair value. All intangible assets at September 28, 2008, which consisted of customer lists, acquired recipes and trade names acquired in September and October 2007, were deemed to be fully impaired and written off.

Impairment or Disposal of Long-Lived Assets

The Company accounts for its long-lived assets under SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the 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 the asset exceeds the fair value of the asset. SFAS No. 144 requires companies to separately report discontinued operations and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in a distribution to owners) or is classified as held for sale. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Revenue Recognition and Accounts Receivable-Trade

Revenue is recognized when title and risk of loss are transferred to customers upon delivery based on terms of sale and collectibility is reasonably assured. Revenue is recognized as the net amount to be received after deducting estimated amounts for discounts, trade allowances, and returns of damaged and out-of-date products. Collectibility is estimated considering the credit conditions of its customers and the payment history of each customer. Accounts receivable-trade that are considered to be uncollectible will be written off against the allowance for doubtful accounts. No allowance for doubtful accounts was considered necessary at December 28, 2008.

Marketing Costs

The Company incurs various types of marketing costs in order to promote its products, including retailer incentives and consumer incentives. The Company recognizes the cost for each of these types of marketing activities as a reduction of net sales or as selling, general and administrative expense in accordance with generally accepted accounting principles.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized, and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the Company's accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The Company uses other depreciation methods (generally accelerated) for tax purposes where appropriate. The estimated useful lives for significant property and equipment categories are as follows:

Vehicles	3 years
Office equipment	3 to 5 years
Machinery and equipment	5 to 15 years
Buildings and improvements	20 years

Property and equipment were placed in service on March 1, 2007, and therefore began recording depreciation on that date.

Share Based Payment

The Company accounts for employee stock-based payments using the fair value method provided in Statement of Financial Accounting Standards ("SFAS") No. 123R, Share-Based Payment. The fair value of options granted will be recognized as compensation expense over the vesting period of the options. The Company accounts for non-employee stock-based payments using the fair value method provided by SFAS No. 123R. When stock options are granted to non-employees, the Company will estimate the fair value of the award and recognize related expenses over the performance period as prescribed by EITF 96-18: Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling, Goods or Services. No share based payments have been granted at September 28, 2008.

Basic and Diluted Loss Per Share

Basic loss per common share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed in the same way as basic loss per common share except that the denominator is increased to include the number of additional common shares that would be outstanding if all potential common shares had been issued and if the additional common shares were dilutive. As of December 28, 2008, the Company had outstanding stock options that can be converted into 4,765,000 shares of common stock, warrants to purchase 1,261,999,845 shares of common stock, and a note payable that can be converted into 568,333,333 shares of common stock. As the Company has recorded a loss in each period since it commenced operations, the options, warrants and conversion feature would have an anti-dilutive effect, and therefore, are not included in diluted loss per share.

Income Tax

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics.

Deferred tax assets are reduced by a valuation allowance when in the opinion of management it is more likely than not that some portion or all of the deferred tax assets will not be realized. Realization of the deferred income tax asset is dependent on generating sufficient taxable income in future years.

The Company has recorded a 100% valuation allowance against net deferred tax assets due to uncertainty of their ultimate realization.

Advertising Costs

Advertising costs will be expensed when they are incurred. Advertising expense totaled $4,212 and $1,624 for the three-month periods ended December 28, 2008 and December 30, 2007, respectively.

Product Development

The Company's product development activities principally involve product name selection, product shape determination, artistic design of the product packaging, arrangement for the related manufacturing extrusion tools and dies, selection of seasonings, grains and other ingredients considered as recipe development, taste and market testing. The costs of these activities are expensed as incurred.

Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Comprehensive Income or Loss

The Company has no items of other comprehensive income or loss in the three month period ended December 28, 2008 and December 30, 2007. Therefore, net loss as presented in the Company's Statement of Operations equals the comprehensive loss.

New Accounting Pronouncements

In June 2006, Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109 ("FIN 48"), which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, Accounting for Income Taxes. The interpretation prescribes 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. FIN 48 requires recognition of tax benefits that satisfy a greater than 50% probability threshold. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for the Company beginning January 1, 2008 (Note 10). The Company believes that adoption of FIN 48 will not have a material effect on its financial position, results of operations or cash flows.

In September 2006 the FASB issued SFAS No. 157, Fair Value Measurements. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements. This Statement does not require any new fair value measurements. The Company does not expect the adoption of this statement to have a material impact on its financial position, results of operations or cash flows.

In September 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements ("SAB 108"), to address diversity in practice in quantifying financial statement misstatements. SAB 108 requires that the Company quantify misstatements based on their impact on each of the Company's financial statements and related disclosures. The Company adopted SAB 108 effective as of January 1, 2007. The adoption of SAB 108 did not impact the

Company's financial statements.

In December 2007, FASB issued SFAS No. 141 (Revised 2007), Business Combinations. Under SFAS 141R, the acquiring entity is required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions.

Statement 141R will change the accounting treatment for certain specific items, including: Noncontrolling interests (formerly known as "minority interests" -- see SFAS 160 discussion below) are valued at fair value as of the acquisition date; Acquired contingent liabilities will be recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined under existing guidance for non-acquired contingencies; In-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date.

3. Inventories

The inventories as of December 28, 2008 are as follows:

Raw materials and packaging	$425,175
Finished goods	257,418
Supplies and other	1,399
Total	$683,992

4. Property and Equipment

The following is a summary of property and equipment, at cost as of December 28, 2008:

Buildings and improvements	$ 974,437
Plant equipment	2,181,999
Office equipment	189,858
Assets under capital lease	47,895
Total property and equipment	3,394,189
Less: accumulated depreciation	(576,006)
Land	--
Property and equipment, net	$ 2,818,183

Property and equipment was placed in service during March 2007.

Depreciation expense for the three-month periods ended December 28, 2008 and December 30, 2007 was $98,234 and $85,806, respectively.

5. Debt

Convertible Notes Payable in Default

In September 2007, the Company entered into a convertible note payable with a principal balance of $6 million. The note now bears interest at the default rate of 15% per annum and is callable at any time. Interest is payable in arrears quarterly in shares of the company's common stock with the first interest date being October 1, 2007. The note is convertible into shares of the Company's common stock at any time at an adjusted amount of $0.015, for a total of 360,000,000 shares on the remaining principal balance. In March 2008, $600,000 of the principal was converted into 685,682 shares of common stock. As part of the financing transaction, the Company issued warrants which are adjustable given the current stock price, and allow for the purchase of an adjusted aggregate of 892,833,178 shares of the Company's common stock at an exercise price of $0.015 per share. The warrants may be exercised at any time and expire on September 10, 2014. The Company has pledged all of its assets as collateral on this note and is precluded from declaring dividends until the note is repaid. The Company incurred a placement fee and incurred legal and other costs totaling $530,000 related to this loan.

The Company was required to achieve certain financial milestones during the term on this note. The Company has not achieved the milestone requirements for any period. Therefore, the conversion price of this note and the exercise price of the warrants was changed to $0.015 per share.

This note is in default and the Company does not believe it has the ability to cure the debt.

The values of the imbedded conversion feature of the note and the warrants together with the costs associated with the loan have been recorded as a discount on the note and as the note is in default, have been fully charged to interest expense at September 28, 2008.

In February 2008, the Company entered into a second convertible note with $4,218,750 due at maturity. The note bears interest at 10%, which was prepaid, is convertible into shares of the Company's common stock at $0.015 per share, which would convert into a total of 208,333,333, and is callable at any time. In connection with this note, the Company issued warrants, as adjusted, to purchase 369,166,667 million shares of its common stock with an exercise price of $0.015 per share and warrants to purchase 2,500,000 shares with an exercise price of $0.001 per share. The warrants have a life of 9 years.

This note is also in default and the Company does not believe it has the ability to cure the debt.

Note Payable

Note payable, with interest at 10.25% per annum, payable in monthly installments of $1,599 per month with the final payment due November 1, 2010, and collateralized by software	$26,893
Less: amount due within one year	16,251
Note payable, due after one year	$10,642

Capital Lease Obligations

Capital lease obligations, due in sixty monthly installments of $992 with the final payment due April 2012, and collateralized by equipment	$33,683
Less: amount due within one year	8,967
Capital lease obligations, due after one year	$24,716

Long-term debt, excluding unamortized discount and capital lease obligations mature in each of the following years ending December 28:

	Long-Term Debt	Capital Lease Obligations
2009	$ 16,251	$ 11,909
2010	10,642	11,909
2011	-	11,909
2012	-	3,473
Total	$ 26,893	39,200
Less: amount representing interest on capital lease payments		5,517
Present value of minimum capital lease payments		$ 33,683

6. Contingencies, Risks, Uncertainties, Managements Plan and Concentrations

Financial Results, Liquidity and Management's Plan

At December 28, 2008, the Company has incurred losses for the three-month period ended December 28, 2008 and for the year ended September 28, 2008 of

$517,600 and $18,368,014, respectively. Despite its negative cash flows from operations of $21,084 and $5,372,820 for the three-month period ended December 28, 2008 and the year ended September 28, 2008, respectively, the Company has not been able to obtain operating capital through private equity and debt funding sources. Management's plans include the continued development and eventual implementation of its business plan. The Company has relied upon equity and debt funding since inception.

No assurances can be given that the Company can obtain sufficient working capital through the sale of the Company's common stock and borrowing or that the continued implementation of its business plan will generate sufficient revenues in the future to sustain ongoing operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Operating Leases

The Company leases the property on which its facilities are located. The lease is for 5 years with a 5 year renewal option and annual evergreen renewals thereafter. The Company has the option to purchase the property for $280,000. The lease was entered into by the shareholders of the Company and was assigned to the Company in October 2006. Future minimum lease payments are as follows for the years ending December 28:

2009	$ 16,200
2010	16,200
2011	16,200
2012	9,450
Total minimum lease payments	$ 58,050

Concentration of Suppliers

The Company purchases its raw materials from producers of organic produce and grains. There is a regionally limited supply of these products. If the Company is unable to obtain these products from the supplier, the Company believes that the impact on its financial statements from such an uncertainty could be substantial.

Litigation

The Company, on an ongoing basis, will be subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Company.

7. Equity Transactions

Common Stock

Sale of Common Stock

In February 2007, the Company sold in a private placement 664,745 shares of its common stock for cash at $2.10 per share to 26 investors. The net proceeds of this placement were $1,395,965.

In November 2007, the Company issued 50,000 shares of its common stock upon exercise of stock options at $1.00 per share.

Issuance of Common Stock

In February 2008 and April 2008 the Company issued 193,818 and 135,397, respectively, shares of its common stock in payment of interest accrued on its convertible note

In March and April 2008, the Company issued 685,682 and 822,819, respectively, shares of its common stock upon conversion of a total of $600,000 of its convertible note payable.

Options Activity

A summary of the option activity as of September 28, 2008, and changes during the year then ended is presented below:

	Number of Options	Weighted Average Exercise Price	Remaining Contractual Term (Years)	Average Aggregate Intrinsic Value
Outstanding at September 28, 2008	4,765,000	$ 1.47	$ 3.25	$ --
Granted	--	--	--	--
Exercised	--	--	--	--
Forfeited	--	--	--	--
Expired	--	--	--	--
Outstanding at December 28, 2008	4,765,000	$ 1.47	3.00	$ --
Exercisable at December 28, 2008	4,765,000	$ 1.47	3.00	$ --

The Company recognizes compensation expense using the straight-line method over the requisite service period.

In September 2008, the Board of Directors passed a resolution that resulted in all outstanding options vesting immediately. As a result, the Company fully recognized all outstanding stock option compensation expense for the year ending September 28, 2008 and none remains.

Exercise of Warrants

In December 2006, the Company issued 388,889 shares of its common stock upon exercise of warrants at a price of $0.90 per share. The net proceeds of this exercise were $350,000.

In February 2007, warrants to purchase 500,000 shares of the Company's common stock were exercised. The exercise price of $0.90 per share resulted in net proceeds to the Company of $449,980.

In June 2007, warrants to purchase 561,111 shares of the Company's common stock were exercised. The exercise price of $0.90 per share resulted in net proceeds to the Company of $504,880.

Warrants Outstanding

	Number of Warrants	Weighted Average Warrants Price
Outstanding, September 28, 2008	1,261,999,845	$ 0.015
Issued upon note payable provision based on current stock price	--	--
Exercised	--	--
Outstanding, December 28, 2008	1,261,999,845	$ 0.015
Exercisable, December 28, 2008	1,261,999,845	$ 0.015

Shares Reserved for Future Issuance

The Company does not have sufficient authorized shares reserved for future issuance upon exercise of outstanding options, shares to meet the needs of the outstanding options, warrants, and conversion of the convertible note payable at December 28, 2008. However, despite this fact, the convertible note holder may not own 5% or more of the Company's common stock at any one time.

8. Share Based Payment

There were no stock options issued during the three-month period ended December 28, 2008. The weighted average estimated fair value of the stock options granted for the three-month period ended December 30, 2007 was $1.32. The exercise price of these options ranged from $1.14 to $1.32 per share, which equaled the market price on the effective date of grant. The options originally vested at various rates over periods ranging from one to four years after the effective date of the grant, and have a life of 5 years. However, the Board resolved to immediately vest all options in September 2008.

The assumptions used in the Black-Scholes option pricing model for the stock options granted during the three-month period ended September 30, 2007 were as follows:

	For the Three-Month Period Ended December 30, 2007
Risk-free interest rate	3.81%
Expected volatility of common stock	88%
Dividend yield	$0.00
Expected life of options	5
Weighted average fair market value of options granted	$1.32

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Amish Naturals, Inc. and Subsidiary
Notes to the Consolidated Financial Statements

9. Earnings Per Share

In accordance with FASB Statement No. 128, Earnings Per Share, the Company calculates basic and diluted net loss per share using the weighted average number of common shares outstanding during the periods presented and adjust the amount of net loss, used in this calculation, for preferred stock dividends declared during the period.

The Company incurred a net loss in each period presented, and as such, did not include the effect of potentially dilutive common stock equivalents in the diluted net loss per share calculation, as their effect would be anti-dilutive for all periods. Potentially dilutive common stock equivalents would include the common stock issuable upon the conversion of the convertible note payable and the exercise of warrants and stock options that have conversion or exercise prices below the market value of the Company's common stock at the measurement date. As of September 28, 2008, all potentially dilutive common stock equivalents amounted to more shares than are authorized. The following table illustrates the computation of basic and diluted net loss per share:

	For the Three-Month Period Ended December 28, 2008	For the Three-Month Period Ended December 30, 2007
Numerator:		
Net loss	$ (517,600)	$ (2,157,650)
Denominator:		
Denominator for basic and diluted net loss per share-weighted average number		

of common shares outstanding	44,179,995	44,154,995
Basic and diluted net loss per share	$ (0.01)	$ (0.05)

The following table sets forth potential shares of common stock that are not included in the diluted net loss per share because to do so would be anti-dilutive since the Company reported net losses in all the reporting periods:

	For the Three-Month Period Ended December 28, 2008	For the Three-Month Period Ended December 30, 2007
Options to purchase shares of common stock	4,765,000	4,585,000
Warrants to purchase shares of common stock	1,261,999,845	6,389,322
Convertible note payable	568,333,333	3,194,718
Total	1,835,098,178	14,169,040

10. Business Combinations

In October 2007, the Company acquired substantially all of the assets of two entities; Prima Pasta, Inc. and Schlabach Amish Wholesale Bakery, LLC. The combined purchase price of the assets of the two entities was $750,000 and consisted of cash and the repayment of an existing note receivable. The assets acquired consisted of inventory, equipment, customer lists, trade names and other intellectual properties.

The Company allocated the purchase price of the assets acquired as follows:

Land and building	$ 50,000
Inventory	50,000
Equipment	350,000
Intangible assets	300,000
Less: impairment of intangible assets	(300,000)
Total	$ 450,000

The combined revenue of the two entities was approximately $350,000 during their last fiscal years and each recorded a small profit or loss.

The acquisition of Prima Pasta, Inc. provides the Company with additional equipment and a second brand name that has shelf space and existing customers. The Company believes that the additional brand will enhance its market presence and the equipment will provide additional productive capacity.

The acquisition of Schlabach Amish Wholesale Bakery, LLC provides the Company with a complimentary line of products.

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Item 2. Management's Discussion and Analysis or Plan of Operation.

Management's Discussion and Analysis or Plan of Operation.

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this report. Certain statements in this discussion and elsewhere in this report constitute forward-looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934. See "Forward Looking Statements" elsewhere in this report. Because this discussion involves risk and uncertainties, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview of Amish Naturals

Amish Naturals, Inc. is a young company and although we have made the first sales of our products, we have not yet generated or realized any significant revenues from our business operations. During the period from January 1, 2006 (commencement of operations) to September 30, 2007, Amish Naturals raised capital in the form of short-term notes payable, the sale of shares of our common stock, the exercise of warrants to purchase shares of our common stock, and through the issuance of long term convertible debt. The proceeds of the notes payable were used to acquire a production facility site and the equipment management believes is necessary for Amish Naturals to commence operations. The proceeds of the sale of shares of our common stock were used to retire one of the short-term notes payable and acquire additional production equipment. The proceeds for the exercise of warrants were used for working capital. The proceeds from the long term convertible debt were used to retire short term debt and will be used for working capital, expansion of distribution and production facilities and product development. Management's plan is to produce a line of natural organic, kosher pasta products and related items to be sold through food product distributors.

On October 27, 2006 we completed a merger with FII, Inc. As the now-former stockholders of the former private company hold the majority of our outstanding common stock after the merger, the transaction has been accounted for as a "reverse merger" and the financial statements are those of the former private company. In connection with the merger, we raised $2,628,022 through the sale of 2.9 million equity units. Each unit includes one share of our common stock and a warrant to purchase 1/2 share of our common stock. Each unit sold for $.90. Neither the shares nor the warrants have any registration rights. We used a portion of the proceeds of this private placement to repay the note payable in full and to redeem shares of FII held by the former majority stockholder of FII. During the year ended September 30, 2007 all of the warrants were exercised with net proceeds of $1,301,814. In February 2007, we raised $1,395,965 through the sale of 664,745 shares of our common stock and obtained $300,000 from a short-term note payable. In July and August 2007 we obtained an additional $600,000 from short term notes payable. In September 2007 we closed on the sale of a senior secured convertible note in the principal amount of $6,000,000. The $900,000 of short term notes payable were repaid with a portion of the proceeds of the convertible note payable.

In February 2008 we closed on the sale of a senior secured convertible note in the principal amount of $3,125,000. The proceeds of this financing were used for working capital.

In March 2007, we commenced producing product for sale. During the years ended September 28, 2008 and September 30, 2007, we shipped products with total gross sales price of $1,616,229 and $134,688, respectively. At September 28, 2008 we had inventories of finished goods and raw materials with total cost of $689,994 and accounts receivable from our customers of $127,084.

There is no historical financial information about us upon which to base an evaluation of our performance. We are a development stage company and have not generated any significant revenues from our operations. We cannot guarantee we will be successful in our core business, or in any business operations. Our business is subject to risks inherent in the establishment of a new business enterprise, including limited capital resources.

Results of Operations for the three month periods ended December 30, 2008 and December 30, 2007

On August 5, 2008 David C. Skinner, Sr., CEO of the company stepped down and assumed the duties of Director of Manufacturing of the Pasta and Bakery divisions and Martin Silver, then Chairman of the Board assumed the duties of interim CEO. On September 2, 2008 the company closed its production facilities' attempting to have the products co-packed by third party manufacturers so the company could focus primarily on marketing. Soon thereafter, the company was advised that the investment bank was no longer going to fund the company operations and on September 9, 2008 Mr. Silver, interim CEO resigned as Chief Executive Officer, Board Chairman and Director of the company. Alexander Ngan and Carlo Varesco also resigned as Directors. The remaining Board, David Skinner and Kenneth Troyer reappointed Mr. Skinner in the Chief Executive Officer position and appointed Kenneth Troyer as the Board Chairman.

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On September 12, 2008 the position of the Executive Vice President and Chief Operations Officer was eliminated. The CEO implemented additional cost savings measures and reorganization of the company sales division. On September 14, 2008 the company re-opened their pasta production and bakery facility in Holmesville, Ohio and restructured the pasta and bakery production divisions to have all production of their organic and natural pastas, granolas, cereals and bakery products under one roof to conserve overhead and maximize the company production efforts.

We did not comply with certain requirements of our convertible debt obligations and they are in default. The lender has not demanded payment, but if they do, we do not have the resources available to repay the obligations.

During the three month periods ended December 28, 2008 and December 30, 2007, we had a loss of $517,600, and $2,157,650, respectively. We have reduced our operating and administrative costs substantially during the three month period in 2008.

During the three month period ended December 30, 2007 our Board of Directors authorized the grant of options to purchase 1,835,000 shares of our common stock to officers, directors, employees, and consultants. The exercise price of these options was $1.14 to $1.32 per share and are all fully vested. We determined the value of these options using the Black Scholes Merton option valuation model to be $2,426,421. We initially amortized this amount over the vesting period of each option. We charged $622,777 to expense during the three month period ended December 30, 2007 related to these options. In July 2008, our Board of Directors accelerated the vesting of all options and therefore we charged the remaining balance of $3,874,064 to expense at that time.

We recorded the value of the warrants granted and the value of the imbedded conversion feature of the convertible notes as debt discount and were accreting those amounts as interest expense over the terms of the notes. As stated above, we are in default on our convertible debt obligations. We therefore expensed the remaining discount of $7,992,368 as interest expense as of September 28, 2008.

The warrants issued as part of the convertible debt transactions and the conversion features of the notes provide for continued decreases in the exercise prices and conversions prices. These changes have resulted in the number of warrants outstanding to increase to 1,261,999,845 shares and the conversion into 568,333,333 shares. We do not currently have sufficient authorized shares to allow us to issue if exercise or conversion occurs. The terms of the convertible debt instruments preclude the holder of the notes to own more than 4.99% of our common stock at any one time.

The net sales prices we have realized from the sale of our products exceeded our cost to produce these products for the first time during the three month period in 2008. We believe that when and if our sales increase to the level that we can produce our products in economic quantities, our costs will be less than our net sales prices and that we will be able to earn a gross profit on the sales of our products.

We incurred marketing expenses of $36,942 in the current three month period compared to $191,972 in the same period in the prior year. These costs relate to our efforts to make our customers, both current and future, of our products. We have substantially reduced our marketing efforts, and are concentrating our efforts on our existing customers.

Our general and administrative costs were $292,450 in the three month period in 2008 compared to $939,837 during the same period in the prior year. This decrease is primarily due to a reduction in our work force and related travel costs.

In October 2007 we acquired substantially all of the assets of two entities; Prima Pasta, Inc. and Schlabach Amish Wholesale Bakery, LLC. The combined purchase prices of the assets of the two entities was $750,000 and consisted of cash and the repayment of an existing note receivable. The assets acquired consisted of inventory, equipment, customer lists, trade names and other intellectual properties.

We allocated the purchase price of the assets acquired as follows:

Land and Building	$ 50,000
Accounts receivable	25,000
Inventory	50,000
Equipment	350,000
Intangible assets	275,000
Total	$750,000

In September 2008, as a result of less than expected sales and profits from these two entities, we provided an impairment loss on the intangible assets.

The combined revenue of the two entities approximately $350,000 during their last fiscal years and each recorded a small profit or loss.

The acquisition of Prima Pasta, Inc. provides us with additional equipment and a second brand name that has shelf space and existing customers. We believe that the additional brand will enhance its market presence and the equipment will provide additional productive capacity.

The acquisition of Schlabach Amish Wholesale Bakery, LLC provides us with a complementary line of products.

As a result of our inability to generate the level of sales and profitability from these brands, we have concluded that the intangible assets that we acquired have been impaired and we have written the unamortized balances of all of our intangible assets off.

Liquidity and Capital Resources

At December 28, 2008, our total assets were $3,598,603, which included cash balances of $5,428. We invested $2,708,982 in property and equipment, which was placed in service on March 1, 2007. Our total liabilities were $10,290,033, which includes our convertible debt obligations that are in default. No demand has been made by the lender, and we do not have the ability to repay these debts if demand is made.

In September 2007, we obtained funding in the form of long term convertible debt payable in the amount of $6 million. In February 2008 we closed on the sale of a senior secured convertible note in the principal amount of $3,125,000. The proceeds of this financing were used for working capital. Both of the convertible notes are in default.

Despite our negative cash flows from operations of $27,157 and $5,372,820 for the three month period ended December 28, 2008 and the year ended September 28, 2008, respectively, we have not been able to obtain operating capital through private debt funding sources, the sale of shares of our common stock and the exercise of warrants to purchase shares of our common stock. We do not currently have sufficient resources to continue our operations. We require a combination of additional capital, either debt of equity, and forbearance of our creditors.

As of the date of this report, we have begun to generate revenues from our business operations. However, revenues that we are realizing are not sufficient to sustain our operations.

Plan of Operation for the Next 12 Months

During the next 12 months, we plan to continue producing and commence sales of our line of pasta products. We have executed distribution agreements for our products with national food product distributors and will continue our development of products that are complementary to our pasta lines. We commenced sales to our distributors and retail stores in May 2007.

Since inception, we have funded our operations from the proceeds of short-term borrowings, some of which were repaid in October 2006 from the proceeds of private placements of common stock, and of common stock and warrants. Although we expect that, during the next 12 months, our operating capital needs will be met by our current economic resources and, if required, by additional private capital stock transactions, there can be no assurance that funds required will be available on terms acceptable to us or at all. If we are unable to raise sufficient funds on terms acceptable to us or on a timely basis, we may be unable to continue with our business plan. If equity, or convertible debt, financing is available to us on acceptable terms, it could result in additional dilution to our stockholders.

Off-Balance Sheet Arrangements

We have no off balance sheet arrangements at December 28, 2008.

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ITEM 3. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified under the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer and our Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Our management, including our Principal Executive Officer and our Principal Financial Officer, does not expect that our disclosure controls or procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met. Further, the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within us have been detected.

As of December 28, 2008, the end of the period of this report, due to the Company's lack of capital, the Company was unable to carry out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer were not able to conclude that the Company's disclosure controls and procedures were effective.

There has been no change in our internal controls over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II OTHER INFORMATION

Item 1 . Legal Proceedings: The Company is party to the following pending or threatened litigation.

ALLAM M. KARKAFI, VS. AMISH NATURALS, INC ., ET AL, in the Court of Common Pleas, Holmes County, Ohio, August 2008. Plaintiff alleges breach of contract and other causes of action arising from plaintiff's termination as director of the Prima Pasta manufacturing facility. The Company disputes the allegations and has filed its answer and other motions. The matter is currently in the discovery phase of litigation. The company intends to seek a settlement.

A.P. YAJNIK & SHOBHANA YAJNIK, TRUSTEES OF THE YAJNIK LIVING TRUST, VS. AMISH NATURALS, INC. in the Court of Common Pleas, Summit County, Ohio, December, 2008. Plaintiff alleges breach of contract on a lease of Canton, Ohio office space used by the Company's former Executive Vice President and Chief Operating Officer. The company disputes the allegations and is defending the action and seeking a settlement.

THE AD SHOP, INC. D/BA/ JOSEPH JACOBS ADVERTISING, VS. AMISH NATURALS, INC.

Civil Court of the City of New York, County of New York, January 2009. Plaintiff alleges breach of contract in failure to pay $14,000 for advertising and promotion material contracted for by the company's former executive vice-president and chief operating officer. The company intends to defend the action and seek a settlement.

Item 2. - Unregistered Sales of Equity Securities and Use of Proceeds: None

Item 3. - Default Upon Senior Securities: There are no defaults to report.

Item 4. - Submission of Matters to a Vote of Security Holders: None.

Item 5. - Other Information: None

Item 6. Exhibits

Exhibit Number	Description
31.1**	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**Filed with this report.

SIGNATURES

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

Amish Naturals, Inc.

(Registrant)

February 17, 2009

/s/ David C. Skinner, Sr.

David C. Skinner, Sr.
Chief Executive Officer, and Director