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

FORM 10-QSB

(Mark one)
[x] QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2008

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE EXCHANGE ACT

Commission File Number: 021-64091

NEPTUNE INDUSTRIES, INC.
(Exact name of small business issuer in its charter)

Florida	65-0838060
(State or other jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)

21218 St. Andrews Boulevard
Suite 645
Boca Raton, FL 33433
(Address of principal executive offices)

(561)-482-6408)
(Issuer's telephone number)

Securities registered under Section 12(b) of the Act: NONE
Securities registered under Section 12(g) of the Act: COMMON STOCK

Check whether the issuer (1) filed all reports required to be filed by Sections 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and(2) has been subject to such filing requirements for the past 90 days.

[x]Yes [ ] No

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares outstanding of the issuer's common equity, as of September 30, 2008 was 26,152,946 shares

Transitional Small Business Disclosure Format (check one): Yes___; No_X_

FORM 10-QSB
NEPTUNE INDUSTRIES, INC.
PERIOD ENDED SEPTEMBER 30, 2008
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Part I. FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS

NEPTUNE INDUSTRIES, INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	September 30, 2008 (Unaudited)	June 30 2008 (Audited)
ASSETS		
Current Assets		
Cash and equivalents	$ 116,421	$ 287,041
Accounts receivable, less allowance for doubtful accounts of $ 0	119,367	125,876
Inventory	414,470	515,283
Prepaid expenses	17,436	21,917
Deposits	18,914	19,754
Deferred costs	128,063	128,063
Security deposits	--	17,444
Total Current Assets	814,671	1,816,3550
Property and equipment, net	665,098	693.907
Other assets	27,709	27,709
Total Assets	$ 1,507,478	$ 2,163,616
LIABILITIES AND DEFICIENCY IN ASSETS		
Liabilities		
Current Liabilities		
Accounts payable	$ 254,333	$ 203,139
Accrued and other current liabilities	917,924	588,888
Convertible notes payable	461,088	461,088
Convertible debentures	2,291,000	2,291,000
Notes payable-officers	89,888	89,888
Total Current Liabilities	4,014,233	3,631,003
Long-term liabilities		
Deferred compensation-stock options	194,293	194,293
Total Long-Term Liabilities	194,293	194,293
Total Liabilities	4,208,526	3,825,296
COMMITMENTS AND CONTINGENCIES		-
Stockholders' Equity (Deficiency in assets)		

Preferred stock, $.001 par value, 5,000,0000 shares authorized, 582,500 issued		
Common Stock, $.001 par value 100,000,000 shares	583	583
authorized, 26,152,946 and 25,351,631 shares issued and outstanding at September 30, 2008 and June 30, 2008, respectively	26,153	25,352
Additional paid-In capital	7,156,069	7,005,339
Accumulated deficit	(9,772,216)	(9,040,020)
Total Deficiency in assets	(2,701,048)	(2,046,844)
Total Liabilities and Deficiency in assets	$ 1,507,478	$ 2,163,616

See accompanying notes.

NEPTUNE INDUSTRIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the three months ended September 30, 2008	2007
Revenues:		
Sales	$ 236,501	$ 111,193
Cost of sales	354,565	111,189
Gross loss	(118,064)	4
Expenses:		
Advertising and marketing	-	1,090
Automobile and truck expense	8,065	5,047
Depreciation	122	101
Insurance	9,774	7,169
Office	1,290	792
Officers salary, related taxes and benefits	129,296	93,339
Other operating expenses	22,967	18,860
Outside services	50,488	22,455
Professional fees	5,504	8,669
Public relations	1,940	57,151
Salaries and wages	12,115	-
Utilities	1,206	2,258
Total expenses from operations	242,767	216,931
Loss before interest, other income, expenses and income taxes	(344,701)	(216,931)
Other income	-	14,414
Interest expense	(172,328)	(201,299)
Loss before income tax	(533,159)	(403,813)
Provision for income taxes	-	-
Net loss	$ (533,159)	$ (403,813)
Net loss per share(basic and diluted)	$ (0.020)	$ (0.020)
Weighted average number of common shares outstanding (basic and diluted)	26,152,946	20,595,329

See accompanying notes.

NEPTUNE INDUSTRIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the three months ended September 30, 2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (533,159)	$ (403,813)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	22,620	30,244
Issue of common stock for services	-	50,000
(Increase) decrease in assets:		
Accounts receivable	22,060	22,060
Deferred costs	-	(9,561)
Inventory	97,814	(214,791)
Deposits	-	5,753)
Prepaid expenses	4,482	(3,057)
Increase (decrease) in liabilities:		
Accounts payable	51,465	39,560)
Accrued and other current liabilities	128,536	223,991
Net cash used by operating activities	(244,354)	(259,614)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(77,797)	-
Net cash provided (used) by investing activities	(77,797)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of common stock for interest	151,531	-
Net cash provided by financing activities	151,531	-
Net decrease in cash and equivalents	(170,620)	(259,614)
Cash and equivalents-beginning	287,041	1,480,590
Cash and equivalents-ending	116,421	$1,220,976
SUPPLEMENTAL DISCLOSURES		
Cash paid during quarter for:		
Interest	$ 4,602	$ 4,492
Income taxes	$ -	$ -

See accompanying notes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and nature of operations

Neptune Industries, Inc. (the Company) is a Florida corporation which conducts business from its headquarters in Boca Raton, Florida. The Company was incorporated on May 8, 1998 and in February 2004, changed its name from Neptune Aquaculture, Inc. to Neptune Industries, Inc. Since that time, the Company's main activities have been devoted to raising capital; implementing its business plan; commencing operations through subsidiaries; and developing and testing new technologies, either through license arrangements or directly.

In June 2001, the Company acquired the operating rights to a 48 acre established fish farm in Florida City, Florida, now operated as Blue Heron Aqua Farms through a subsidiary, Blue Heron Aquaculture, Inc. The farm maintains a 47,000,000 gallon per day water usage permit and a twenty year lease from South Florida Water Management District, with 7 years remaining. The lease is held by South Florida Aquaculture, Inc., and Blue Heron Aquaculture, Inc. operates the farm under a management contract with South Florida Aquaculture, Inc.

Common shares of the Company, are listed on the OTC Bulletin Board and on the OTC Pink Sheets under the trading symbol NPDI.

Basis of Presentation

The consolidated financial statements include the accounts of Neptune Industries, Inc. and its wholly-owned subsidiaries, Aqua Biologics, Inc., and BH Holdings, Inc., which in turn has two operating subsidiaries whose accounts are also consolidated, Blue Heron Aquaculture, Inc. and Florida Aquaponics, Inc. The results of operations of Blue Heron Aqua Farm, LLC, in which the Company holds a 99+ percent interest, are consolidated through the period ended December 31, 2007, when it ceased all further operations and transferred its assets and liabilities to Blue Heron Aquaculture, Inc. All inter-company balances and transactions have been eliminated at consolidation.

The accompanying consolidated financial statements are un-audited and have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions to Form 10-QSB. Accordingly, certain information and footnote disclosures normally included in audited financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Interim results are not necessarily indicative of the results that may be expected for a full year. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements that were included in the Form 10-KSB filed by the Company for the year ended June 30, 2008 with the Securities and Exchange Commission.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

Cash and Cash Equivalents

The company considers all highly liquid investments with a maturity date of three months or less at the time of purchase to be cash equivalents.

Property and Equipment

Property and equipment consists of equipment, leasehold improvements, office furniture and vehicles which are stated at cost. Depreciation is based on the estimated useful lives of the assets, ranging from five years to fifteen years, using the straight-line method. Expenditures for maintenance and repairs are charged to expense as incurred. Major improvements are capitalized. Gains and losses on disposition of property and equipment are included in income as realized.

Revenue Recognition

Sales revenue is recognized upon the shipment of merchandise to customers or when customers pick up merchandise at the operating premises.

Allowances for sales returns are recorded as a component of net sales in the period the allowances are recognized.

Income Taxes

Income taxes are computed under the provisions of the Financial Accounting Standards Board (FASB) Statement No. 109 (SFAS 109), Accounting for Income Taxes. SFAS 109 is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of the difference in events that have been recognized in the financial statements of the Company compared to the tax returns.

As of September 30, 2008, the Company has approximately $9 million of net operating loss carry-forwards available to affect taxable income and has established a valuation allowance equal to the tax benefit of the net operating loss carry-forwards as realization of the asset is not assured. The net operating loss carry-forwards may be limited under the change of Control provisions of the Internal Revenue Code, Section 382.

Advertising and marketing costs

Advertising and marketing costs are expensed as incurred.

Fair Value of Financial Instruments

Financial instruments, including cash, receivables, accounts payable, and notes payable are carried at amounts which reasonably approximate their fair value due to the short-term nature of these amounts or due to variable rates of interest which are consistent with market rates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

Concentrations of Credit Risk and Economic Dependence

Financial instruments, which potentially subject the Company to a concentration of credit risk, are cash and cash equivalents and accounts receivable. The Company currently maintains its day-to-day operating cash balances at a single financial institution. At times, cash balances may be in excess of the FDIC insurance limits. The Company has not experienced any losses on such accounts and does not believe it is exposed to any significant risk on cash and equivalents. The Company operates both domestically and internationally. Consequently, the ability of the Company to collect the amounts due from customers may be affected by economic fluctuations in each geographic location of the customers of the Company.

Net Loss Per Share

Basic net loss per share is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share takes into account shares of common stock outstanding (computed under basic loss per share) and potentially dilutive shares of common stock. In periods where losses are reported, the weighted average number of common shares outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

Long-Lived and Disposal of Assets

The Company follows FASB Statement No. 144 (SFAS 144), Accounting for the Impairment of Long-Lived Assets. SFAS 144 requires that long-lived assets to be held and used be reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of, if any, are reported at the lower of carrying amount or fair value less cost to sell.

Stock Compensation for Services Rendered

The Company has issued restricted shares of common stock to non-employees in exchange for services rendered. Common stock issued to non-employees for services received are based upon the fair value of the services or equity instruments issued, whichever is more reliably determined.

Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or market. The inventory consists of raw materials, such as salt, oxygen and feed, and work in process, represented by the pounds of fish growing in the separate tanks and raceways on the farm property.

Inventory as reported on the June 30, 2008 audited financial statements was $420,926, exclusive of raw materials, and there were 135,931 pounds of

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

growing fish on hand.

Inventory at September 30, 2008 consisted of the following:

Work in process	$	388,871
Raw materials		25,599
Total	$	414,470

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts in the financial statements. Actual results could differ from those estimates and assumptions. For the Company, the accounting estimates requiring the most difficult and sensitive judgments of management including inventory valuation, recognition and measurement of income tax assets and liabilities, and accounting for stock=based compensation.

Recent Accounting Pronouncement

In May, 2008, the Financial Accounting Standards Board (FASB) issued SFAS No. 163, Accounting for Financial Guarantee Insurance Contracts 'An interpretation of FASB Statement No. 60. SFAS No. 163 by its terms applies to insurance companies and financial guarantee insurance contracts. SFAS No. 163 does not apply to the Company and will not have any effect on the Company's financial statements.

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles. SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of non-governmental entities that are presented in conformity with generally accepted accounting principles in the United States. It is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board's amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

Reclassifications.

Certain prior period amounts have been reclassified to conform to the current period presentation.

NOTE 2. GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company’s financial position and operating results raise substantial doubt about the Company’s ability to continue as a going concern, as reflected by the accumulated deficit of $9,772,216 and recurring gross and net losses. The ability of the Company to continue as a going concern is dependent upon expanding operations, increasing sales and obtaining additional capital and financing. Management’s plan in this regard is to secure additional funds through future equity financings. To date, management has been working to secure additional funding to pay the convertible debentures and other notes as they come due over the next six months, a total in excess of $2.5 million, and to secure working capital, but the current credit crisis, the terms of the convertible debentures, and other factors have resulted in no success. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other liabilities consisted of the following at September 30, 2008:

Accrued payroll - officers	$ 279,276
Accrued interest - officers	142,823
Accrued interest - others	186,821
Accrued consulting	109,004
Accrued license fee	200,000
	$ 917,924

NOTE 4. ACCRUED OFFICERS AND CONSULTING COMPENSATION AND INTEREST

On October 1, 2007, the independent members of the Board of Directors approved new employment agreements for Papadoyianis and Cherch providing for salaries of $250,000 each, plus a continuing of the existing bonus structure. However, the officers agreed to defer approximately 40 percent of the salaries due until the Company resources improved. Subsequently, the officers met in March, 2008 and voluntarily agreed to defer an additional 40% of their salaries to help the Company until further funding could be raised. The officers are actually receiving salaries substantially less than those they received in 2006 and 2007. During the quarter beginning October 1, 2008 and to the date of this report, the officers have received no compensation due to the financial condition of the Company and its lack of funds.

Pursuant to these employment agreements, the Company accrued a total of $279,276 through the quarter ended September 30, 2008. The Agreements also provide for accrued interest of twelve percent (12%) per annum until the employee’s salary, bonuses and benefits are paid in full.

The Company contracted with CF Consulting LLC to provide principal financial officer services beginning April 1, 2006, in return for monthly compensation

NOTE 4. ACCRUED OFFICERS AND CONSULTING COMPENSATION AND INTEREST

of $5,500 for six months commencing April 1, 2006, $6,000 for the next six months and $6,500 for the next six months of the 18 month term of the agreement, ending September 30, 2007. On October 1, 2007, the Board of Directors approved a new consulting contract with CF Consulting, LLC providing formonthly consulting fees of $16,667. CF Consulting also agreed to receive less than the full consulting fee due as a result of the financial condition of the Company at the request of management. As a result, a total of $78,503 in consulting fees were accrued and not paid for the fiscal year ended June 30, 2008. For the quarter ended September 30, 2008, CF Consulting was entitled to consulting fees of $50,000, but received only $19,500, or approximately 39 percent of the amount due, and currently is receiving no consulting fees for its services, although it continues to provide the consulting services called for under the consulting agreement. A total of $109,004 has been accrued as due under the agreement with CF Consulting, LLC as of September 30, 2008. The agreement also provide for accrued interest of twelve percent (12%) per annum until the amount due is paid in full.

NOTE 5. RELATED PARTY TRANSACTIONS

Notes Payable Officers

On February 7, 2006, the Board of Directors resolved to repay certain notes outstanding to Messrs. Papadoyianis and Cherch through the issuance of new notes, which were made retroactive to January 1, 2006, bear interest at the rate of 15% per annum, and included one warrant for every dollar outstanding, or 70,000 total warrants. Each warrant to purchase one share of common stock is at a price of $0.30 per share for a period of three years. The new notes were in the amount of $44,944 each, and included repayment of principal of $35,000 and accrued interest of $9,944 each. A total of $11,779 interest has been accrued on each of these notes as of September 30, 2008 and is included in accrued current liabilities.

NOTE 6. NOTES PAYABLE

During the quarter ended June 30, 2008, the Company renewed three outstanding promissory notes due to unrelated parties, by executing new notes in the original principal amounts of the prior notes, plus accrued interest. The notes were all one year notes, and bear interest at 12 percent per annum. A total of $261,088 in principal amount is due on these notes. In addition, the Company borrowed a total of $200,000 from an unrelated lender for one year at 12 percent on April 9, 2008 and issued 200,000 warrants to purchase common shares of the Company for three years at $0.30 per share.

A total of $2,291,000 in convertible debentures remain outstanding after the conversions of certain debentures into common stock during the fiscal year ended June 30, 2008. In May, 2008, four of the debentures, totaling $500,000 came due. Three of the debenture holders agreed to extend the due date for one year, and the fourth, in the amount of $250,000, agreed to extend the due date until December 15, 2008.

NOTE 7. STOCKHOLDERS' EQUITY

A total of 801,315 common shares of the Company were issued during the quarter ended September 30, 2008, all of which were issued in payment of interest accrued on the convertible debentures and other debt.

As a result of these changes, a total of 26,152,946 common shares were outstanding at the end of the quarter ended September 30, 2008.

NOTE 8. TECHNOLOGY LICENSE.

In June 1998, the Company entered into a limited license agreement with Mr. Cherch and Mr. Papadoyianis, our management, for the right to use and further develop the closed containment system, developed by them prior to the formation of the Company, in North America. A total of $200,000 in royalties due under that license agreement accrued as of June 30, 2008, but were not paid.

In July, 2008, the Company entered into a new license and acquired the exclusive rights to the closed containment system, now known as the Aqua-Sphere®, through a Worldwide Licensing Agreement with the inventors. That agreement would have enabled the Company to develop, market, manufacture, re-design, or license others to use the technology, and to develop and market products using the technology, in the worldwide aquaculture industry. Although the new license was signed on July 3, 2008, and then transferred to Aqua Biologics, Inc, the Company was unable to pay the initial advance royalties required, and has now defaulted under the license. Notice of default was given as required on September 1, 2008 and the thirty day cure period for the default also has expired. The license royalties due under the old license, which were incorporated into the new license agreement, remain outstanding and are included in accrued current liabilities.

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

FORWARD LOOKING STATEMENTS

In connection with, and because we desire to take advantage of, the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward looking statements in the previous discussion and elsewhere in this report and in any other statement made by, or on behalf of our Company, whether or not in future filings with the Securities and Exchange Commission. Forward looking statements are statements not based on Historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward looking statements made by, or on behalf of, our Company. We disclaim any obligation to update forward looking statements.

Neptune Industries, Inc. was incorporated in the State of Florida on May 8, 1998. We operate on a June 30 fiscal year. Our common shares are traded on the OTC Bulletin Board under the symbol NPDI. Since our inception, we have been engaged in aquaculture (fish farming)and in the development of new technologies, systems and products that directly address some of the key challenges faced by the aquaculture industry today.

Neptune Industries has been a fish-farming and technology company which has been committed to achieving sustainable eco-friendly aquaculture by innovating and pioneering a total and comprehensive integrated systems solution approach to the mission critical challenges facing the aquaculture industry today. Dwindling supplies of wild caught stocks used for fishmeal, and the continued environmental damage, escapism, and disease caused by self-polluting net pen systems, have severely restricted industry growth on a global basis.

The Company had either licensed or developed itself certain ground-breaking technologies in the aquaculture industry, which were at the heart of its business development model. The Company licensed what is now known as Aqua-Sphere™, a state-of-the-art, scalable, modular, floating closed containment system that is capable of concentrating and removing solid waste, eliminating predation and escapement, utilizing alternative energy for remote applications, and isolating crops from the environment, in 1998, and entered into a new license in July, 2008. The system was first designed by our founders, Ernest Papadoyianis and Sal Cherch, before the Company was founded in 1998. In June 1998, the technology was first licensed to Neptune in a 10 year license granting Neptune the right to use and develop the technology for the North American market, and with a right of first refusal for all other markets. As part of the license agreement, the Company agreed to pursue patent protection for the technology in the names of the two inventors, which the Company has done. Although the license agreement provided for annual minimum royalties to Papadoyianis and Cherch after the first five years of the license term, no royalties were ever paid by the Company on the license, and the Company still owes $200,000 in unpaid royalties under that agreement.

In July, 2008, the Company entered into a new license and acquired the exclusive rights to the Aqua-Sphere® technology through a Worldwide Licensing

Agreement with the founders. That agreement would have enabled the Company to develop, market, manufacture, re-design, or license others to use the technology, and to develop and market products using the technology, in the worldwide aquaculture industry. Although the new license was signed on July 3, 2008, and then transferred to Aqua Biologics, Inc, the Company was unable to pay the initial advance royalties required, and has defaulted under the license. Notice of default was given as required on September 1, 2008 and the thirty day cure period for the default also has expired.

Ento-Protein® is a truly revolutionary development pioneered by Neptune as a high quality, sustainable protein derived from insects which is intended to be a replacement for the rapidly depleting fishmeal made from wild caught feedstock species, which is currently a $7 billion global market. If the Company is able to raise sufficient funds, this technology remains Available for further development.

The Company's wholly-owned subsidiary, Blue Heron Aquaculture, Inc., operates a sustainable fish farming facility in Florida City, Florida called Blue Heron Aqua Farms. Blue Heron Aqua Farms currently is one of the leading producers of hybrid striped bass, which it markets nationally and internationally as Everglades Striped Bass™. Unfortunately, due to the size of the production facility at Blue Heron, the farm operation has never been profitable. The Company plans to expand the Blue Heron farming operation have now been put on hold until further funds can be raised to complete the expansion.

Risk Factors.

The Company has identified certain risk factors connected with its operations and an investment in the Company, which are listed in detail under Risk Factors in the Form 10-KSB filed by the Company for the fiscal year ended June 30, 2008. As noted there, the Company is currently out of working capital and has been unable to date to raise additional capital due to the state of the economy and the toxic convertible terms of the convertible debentures issued by the Company in 2005 and 2006 through Dawson James Securities.

Comparison of Operating Results

Gross revenues for the quarters ended September 30, 2008 and 2007 were $236,501 and $111,193, respectively. Cost of sales for the same periods were $354,565 and $111,189,respectively, resulting in a gross loss of $(118,064) and a gross profit of $4, respectively. Operating expenses for the quarters ended September 30, 2008 and 2007 were $242,767 and $216,931, respectively, resulting in net losses of $(533,159) for the quarter ended September 30, 2008 compared to $(403,813) for the quarter ended September 30, 2007.

Item 3. Controls and Procedures.

Our Chief Executive Officer and Chief Financial Officer (the Certifying Officers) are responsible for establishing and maintaining disclosure controls and procedures and internal controls and procedures for financial reporting for the Company. The Certifying Officers have designed such disclosure controls and procedures and internal controls and procedures for financial reporting to ensure that material information is made known to them, particularly during the period in which this report was prepared. The Certifying Officers have evaluated the effectiveness of our disclosure controls and procedures and internal controls and procedures for financial reporting as of September 30, 2008 and believe that our disclosure controls and procedures and internal controls and procedures for financial reporting are effective based on the required evaluation. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no legal proceedings against the Company and the Company is unaware of such proceedings contemplated against it.

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

A total of 801,315 common shares of the Company were issued during the quarter ended September 30, 2008, all of which were issued in payment of interest accrued on the convertible debentures and other debt.

As a result of these changes, a total of 26,152,946 common shares were outstanding at the end of the quarter ended September 30, 2008.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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

Not applicable.

ITEM 5. OTHER INFORMATION

During December, 2008, three of the total outstanding convertible debentures, with principal due of $311,000, will mature. The remainder of the total of $2,291,000 in convertible debentures begin to mature in January, 2009, and the balance by March 31, 2009. If the Company is unable to make any principal payment when due, then it will be in default on all of the debentures and holders may declare the notes in default. The debenture notes provide that on default, the holders may pursue such remedies as are available to them under Florida law, as unsecured, subordinated creditors of the Company.

The Company to date has been unable to raise additional capital for operations or to retire the convertible debentures, due in part to the adverse provisions of the convertible notes and in part to the credit crisis in the financial markets and the unavailability of investment capital. Management has been in discussions with a number of potential investment sources and continues to work on a daily basis to raise the necessary capital for the Company. There can be no assurance that the Company will be successful in its fund-raising efforts and our audited financial statements for the fiscal year ended June 30, 2008 contained a going concern warning from our independent auditors.

The Company has been approached by a “representative” of several of the holders of the convertible debentures indicating a willingness to consider conversion of the debentures into common stock on certain conditions. The actual authority of this purported representative has not yet been established, although management has requested that information, as well as the identities of the specific holders represented, on numerous occasions. The exact terms of any such proposal, the number of holders involved and other details, are not yet known, and it is not known if the contact is even authorized at this time; however, one of the conditions being suggested to accomplish any conversion and additional funding is that the Company sell or otherwise dispose of the entire Blue Heron farm operation, and concentrate its efforts on its remaining technology business. No action has been taken on this matter since no actual proposal has yet been made, and any action on such a proposal would require approval of both the Board of Directors and the shareholders of the Company.

ITEM 6. EXHIBITS

(a) Exhibits required by Item 601 of Regulation S-B

31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act
31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act
32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act
32.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act

(b) Reports on Form 8-K

None

SIGNATURES

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

Dated: November 19, 2008

NEPTUNE INDUSTRIES, INC.

By: /s/ Ernest Papadoyianis

Ernest Papadoyianis
CEO, President and Director