



Q2 2009 Quarterly Report

Omnitek Engineering Corp.

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About Omnitek

Omnitek Engineering, Corp. (“Omnitek” or the “Company”) develops and sells new natural gas engines, as well as proprietary diesel-to-natural gas conversion systems. The Company further develops advanced engine technologies and emissions control systems for engines burning natural gas, liquefied petroleum gas and hydrogen. The Company's natural gas engines and diesel-to-natural gas conversion technology, have established Omnitek as a leader in their industry.

Omnitek offers a total system approach and is supplying alternative energy solutions that are sustainable and affordable and designed to reduce emissions combat global warming.

ITEM 1. THE COMPANY

We were incorporated as Omnitek Engineering Corp. in California on October 10, 2001, and were a spin-off from Nology Engineering, Inc., a leader in the automotive aftermarket ignition parts business and manufacturer of the revolutionary and patented HotWires. On April 17, 2008, the Company filed Amended and Restated Articles of Incorporation to increase the authorized capital stock from 25,000,000 shares of common stock to 150,000,000 shares, consisting of 125,000,000 shares of common stock, no par value and 25,000,000 shares of preferred stock, no par value. Our principal executive offices and related engineering and assembly facilities are located at 1945 S. Rancho Santa Fe Road, San Marcos, California, 92078, where we currently occupy 6,000 square feet of industrial space. Our telephone number is (760) 591-0089, and our facsimile number there is (760) 591-0880. The Company operates a website at www.omnitekcorp.com, and any investor relations questions can be addressed to our President, Mr. Werner Funk.

ITEM 2. SHARES OUTSTANDING

OMNITEK ENGINEERING CORP. Statements of Stockholders' Equity

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-In Capital	Deficit	Stockholders' Equity
Balance, December 31, 2007	16,006,398	\$ 2,320,476	\$ 1,701,337	\$ (2,248,309)	\$ 1,773,504
Value of options issued for services			511,611		511,611
Value of warrants issued for services			721,000		721,000
Net loss for year ended December 31, 2008	-	-	-	(1,220,701)	(1,220,701)
Balance, December 31, 2008	16,006,398	2,320,476	2,933,948	(3,469,010)	1,785,414
Value of options and warrants issued for services	-	-	131,826	-	131,826
Net loss for the six months ended June 30, 2009 (unaudited)	-	-	-	(294,588)	(294,588)
Balance, June 30, 2009 (unaudited)	<u>16,006,398</u>	<u>\$ 2,320,476</u>	<u>\$ 3,065,774</u>	<u>\$ (3,763,598)</u>	<u>\$ 1,622,652</u>

ITEM 3. INTERIM FINANCIAL STATEMENTS

The Company's Interim Financial Statements for the Period Ending June 30, 2009, are attached at the end of this quarterly update.

ITEM 4. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PLAN OF OPERATION

For operational success we will need to focus on timely, cost-effective execution in the following areas:

- Product Supply - having enough product available in inventory to meet our customers' demands;
- Product Development - predicting and identifying customer and emission requirements and translating them into new products on a timely basis;
- Sales and Customer Service - using manufacturers' representatives and system integrators to enable us to deploy technically-skilled sales and service people; and,
- Technical Service - providing training and support to our system integrators and sales force to ensure that the installations are properly executed.

The Company presently markets its products worldwide to engine manufacturers, system integrators, fleet operators, engine conversion companies and end-users.

Scope of Market

Diesel engines have been the backbone of the transportation industry. Valued for their power, fuel economy and durability, diesel powered trucks and buses are used worldwide, however, they are heavy polluters and significantly contribute to global warming. As the threat of global warming and air pollution remains omnipresent, the search for an alternative fuel has become increasingly important. Natural gas has emerged as a perfect solution to these challenges. Readily available in many countries from indigenous sources, natural gas is inexpensive and clean burning. In some countries, the price of CNG is one-third the price of diesel fuel.

The Company's technology is currently being used successfully to convert heavy-duty diesel engines to natural gas in the USA, India, Bangladesh, Thailand, Malaysia, China, Mexico, Egypt, Bulgaria, Peru and Myanmar, just to name a few. The Company's advanced engine management system has been successfully adapted to work with many different engine designs, and can meet both current and future emissions standards.

Q2/2009 Updates and Forecasts

Notwithstanding the results for the first and second quarter, which were impacted by the timing of customer orders rather than a precipitous decline in global demand for diesel-to-natural gas conversions, we anticipate robust sales for the balance of 2009.

We recently shipped the first order of conversion kits, as well as six new Omnitek natural gas engines, to our distributor in Peru. This marks the commencement of the large-scale conversion project announced earlier. Shipments of conversion kits to Bulgaria also commenced in the second quarter.

In June we entered into an initial agreement with TEDOM, an engine and bus manufacturer in the Czech Republic. Omnitek will supply the engine management systems for the TEDOM natural gas engine. One such engine already passed the stringent EURO5 emissions certification. Another engine is being prepared for the even stricter EURO6 Norm.

The above projects should add significant sales for the remainder of the year.

A project to convert diesel powered irrigation pumps in central California commenced in the second quarter. The first engine was operational in June and is just awaiting final certification by the emissions regulating authorities.

ITEM 5. LEGAL PROCEEDINGS

The Company is not presently a party to any litigation, claim or assessment against it, and is unaware of any unasserted claim or assessment which will have a material effect on the financial position or future operations of the Company. To the knowledge of the Company, no federal, state or local governmental agency is presently contemplating any proceeding against the Company. No director, executive officer or affiliate of the Company or owner of record or beneficially of more than five percent of the Company's common stock is a party adverse to the Company or has a material interest adverse to the Company in any proceeding.

ITEM 6. DEFAULTS UNDER SENIOR SECURITIES

Omnitek is not in default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the Company to make payments. The Company has not and is not in the process of filing bankruptcy, receivership or any similar proceeding. The Company has not had an increase of 10% of the same class of outstanding equity securities in the last three years with the exception of the two forward splits that took place in 2007, as discussed further in Item 7 below.

The Company's securities have not been de-listed in the last three years and are not in the process of being de-listed by the Securities & Exchange Commission ("SEC") or FINRA. The issuer's primary SIC Code is 3694. The Company is not classified as a shell Company pursuant to Rule 405 of the Securities Act.

ITEM 7. OTHER INFORMATION

The Company is authorized to issue 125,000,000 shares of preferred stock, no par value. However, as of this date, there are no preferred shares issued or outstanding.

The Company has had two forward splits of its common stock in the last three years. The two forward splits of the Company's common stock consisted of a 2 for 1 forward split effective as of March 31, 2007 and an additional 2 for 1 forward split effective as of November 25, 2007. The Company in the last three years has not had any other stock splits, stock dividends, recapitalizations, mergers, acquisitions, spin-offs or reorganizations, other than stated above, nor are any pending or anticipated, other than stated above.

Transfer Agent

The Company utilizes the services of Colonial Stock Transfer Co., Inc. located at 66 Exchange Place, Salt Lake City, UT 84111. Colonial Stock Transfer Co.'s telephone and facsimile are: Telephone: (801) 355-5740, Facsimile: (801) 355-6505. The U.S. Securities and Exchange Commission is the appropriate regulatory authority and Colonial Stock Transfer Co., Inc. is registered under the Exchange Act.

Payment of dividends on the Common Stock and Preferred Stock is within the discretion of the Board of Directors, is subject to state law, and will depend upon the Company's earnings, if any, its capital requirements, financial condition and other relevant factors.

ITEM 8. CERTIFICATION

I, Werner Funk, certify that;

- (1) I have reviewed this annual disclosure statement of Omnitek Engineering Corp.
- (2) Based upon my knowledge, this annual disclosure statement 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 annual disclosure statement; and
- (3) Based upon my knowledge, the financial statements, and other financial information included or incorporated by reference in this annual disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer as of, and for, the periods presented in this annual disclosure statement.

Omnitek Engineering Corp.



Dated: July 31, 2009

By: Werner Funk
Its: President and CEO

ITEM 9. EXHIBITS

NOTES TO THE FINANCIAL STATEMENTS
BALANCE SHEET (UNAUDITED)
STATEMENT OF OPERATIONS (UNAUDITED)
STOCKHOLDERS' EQUITY (UNAUDITED)
CASH FLOW STATEMENT (UNAUDITED)
EARNINGS BEFORE INTEREST, TAXES AND AMORTIZATION EXPENSES

Balance Sheets

ASSETS

	30-Jun 2009	30-Jun 2008
	(unaudited)	(unaudited)
CURRENT ASSETS		
Cash	\$ 5,107	\$ 102,415
Accounts receivable	125,869	124,970
Inventory	1,366,323	1,103,606
Deposits	183,604	214,320
Deferred tax asset	403,324	462,354
	<hr/>	<hr/>
Total Current Assets	2,084,227	2,007,665
	<hr/>	<hr/>
FIXED ASSETS, net	18,389	33,409
	<hr/>	<hr/>
OTHER ASSETS		
Prepaid expense	2,500	2,500
Intellectual property, net	200,288	293,097
	<hr/>	<hr/>
Total Current Assets	202,788	295,597
	<hr/>	<hr/>
TOTAL ASSETS	\$ 2,305,404	\$ 2,336,671
	<hr/> <hr/>	<hr/> <hr/>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 285,334	\$ 65,811
Accrued expenses-related parties	363,822	294,945
Customer deposits	23,597	113,883
Shareholder loans	10,000	
	<hr/>	<hr/>
Total Current Liabilities	682,754	474,639
	<hr/>	<hr/>
STOCKHOLDERS' EQUITY		
Common stock, 125,000,000 shares authorized no par value		
16,006,398 shares issued and outstanding	2,320,476	2,320,476
Additional paid-in capital	3,065,774	1,981,014
Accumulated deficit	(3,763,600)	(2,439,458)
	<hr/>	<hr/>
Total Stockholders' Equity	1,622,651	1,862,032
	<hr/>	<hr/>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,305,404	\$ 2,336,671
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OMNITEK ENGINEERING CORP.

Statements of Operations

(unaudited)

	For the Three Months Ended June 30, <u>2009</u>	For the Three Months Ended June 30, <u>2008</u>	For the Six Months Ended June 30, <u>2009</u>	For the Six Months Ended June 30, <u>2008</u>
REVENUES	\$ 353,696	\$ 961,102	\$ 565,053	\$ 1,498,278
COST OF GOODS SOLD	<u>201,019</u>	<u>638,569</u>	<u>331,049</u>	<u>990,504</u>
GROSS MARGIN	152,677	322,533	234,004	507,774
OPERATING EXPENSES				
General and administrative	199,636	253,376	425,888	545,625
Bad debt expense	3,146	1,688	(942)	3,376
Research and development expense	63,779	52,932	126,497	84,555
Depreciation and amortization expense	<u>24,384</u>	<u>34,341</u>	<u>48,406</u>	<u>68,589</u>
Total Operating Expenses	<u>290,946</u>	<u>342,337</u>	<u>599,849</u>	<u>702,145</u>
INCOME (LOSS) FROM OPERATIONS	<u>(138,268)</u>	<u>(19,804)</u>	<u>(365,845)</u>	<u>(194,371)</u>
OTHER INCOME (EXPENSE)				
Extinguishment of Liability	-	-	69,022	-
Interest expense	(1,118)	(160)	(1,123)	(160)
Interest income	<u>1,688</u>	<u>1,690</u>	<u>3,358</u>	<u>3,382</u>
TOTAL OTHER INCOME (EXPENSE)	<u>570</u>	<u>1,530</u>	<u>71,257</u>	<u>3,222</u>
NET INCOME (LOSS) BEFORE INCOME TAXES	(137,698)	(18,274)	(294,588)	(191,149)
INCOME TAX EXPENSE (BENEFIT)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET INCOME (LOSS)	<u>\$ (137,698)</u>	<u>\$ (18,274)</u>	<u>\$ (294,588)</u>	<u>\$ (191,149)</u>
BASIC INCOME (LOSS) PER SHARE				
	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
	<u>16,006,398</u>	<u>16,006,398</u>	<u>16,006,398</u>	<u>16,006,398</u>

OMNITEK ENGINEERING CORP.
Statements of Stockholders' Equity

	<u>Common Stock</u>		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	<u>Shares</u>	<u>Amount</u>			
Balance, December 31, 2007	16,006,398	\$ 2,320,476	\$ 1,701,337	\$ (2,248,309)	\$ 1,773,504
Value of options issued for services	-	-	511,611	-	511,611
Value of warrants issued for services	-	-	721,000	-	721,000
Net loss for year ended December 31, 2008	-	-	-	(1,220,701)	(1,220,701)
Balance, December 31, 2008	16,006,398	2,320,476	2,933,948	(3,469,010)	1,785,414
Value of options and warrants issued for services	-	-	131,826	-	131,826
Net loss for the six months ended June 30, 2009 (unaudited)	-	-	-	(294,588)	(294,588)
Balance, June 30, 2009 (unaudited)	<u>16,006,398</u>	<u>\$ 2,320,476</u>	<u>\$ 3,065,774</u>	<u>\$ (3,763,598)</u>	<u>\$ 1,622,652</u>

OMNITEK ENGINEERING CORP.

Statements of Cash Flows

(unaudited)

	For the Six Months Ended June 30, 2009	For the Six Months Ended June 30, 2008
OPERATING ACTIVITIES		
Net income (loss)	\$ (294,588)	\$ (191,149)
Adjustments to reconcile net loss to net cash used by operating activities:		
Write off of intellectual property	897	-
Depreciation and amortization expense	48,406	68,547
Value of options and warrants issued for services	131,826	279,677
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(93,267)	(53,102)
(Increase) decrease in deposits	26,611	(143,440)
(Increase) decrease in inventory	72,770	63,301
Increase (decrease) in accounts payable	64,382	(10,259)
Increase (decrease) in accrued expenses-related parties	64,839	53,255
Increase (decrease) in customer deposits	(71,765)	34,280
Net Cash Provided by (Used in) Operating Activities	<u>(49,889)</u>	<u>101,110</u>
INVESTING ACTIVITIES		
Purchase of intellectual property	-	(505)
Purchase of property and equipment	(1,475)	(6,632)
Net Cash Used in Investing Activities	<u>(1,475)</u>	<u>(7,137)</u>
FINANCING ACTIVITIES		
Proceeds from note payable	10,000	-
Repayment of note payable	-	(15,000)
Net Cash Provided by Financing Activities	<u>10,000</u>	<u>(15,000)</u>
NET INCREASE IN CASH	(41,364)	78,973
CASH AT BEGINNING OF PERIOD	<u>46,471</u>	<u>23,442</u>
 CASH AT END OF PERIOD	 <u>\$ 5,107</u>	 <u>\$ 102,415</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest	\$ -	\$ 635
Income Taxes	\$ 800	\$ 800

NOTE 1 - CONDENSED FINANCIAL STATEMENTS

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at June 30, 2009 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2008 audited financial statements. The results of operations for the periods ended June 30, 2009 and 2008 are not necessarily indicative of the operating results for the full years.

Recent Accounting Pronouncements

In May 2009, the Financial Accounting Standards Board ("FASB") issued SFAS No. 165, "*Disclosure of Subsequent Events*". SFAS No. 165 applies to the accounting for and disclosure of subsequent events. This statement SFAS No. 165 is effective for fiscal years beginning on or after June 15, 2009, and interim periods within those years. SFAS No. 165 has no effect on the Company's financial position, statements of operations, or cash flows at this time.

In May 2008, the Financial Accounting Standards Board ("FASB") issued SFAS No. 163, "*Accounting for Financial Guarantee Insurance Contracts and interpretation of FASB Statement No. 60*". SFAS No. 163 clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement of premium revenue and claims liabilities. This statement also requires expanded disclosures about financial guarantee insurance contracts. SFAS No. 163 is effective for fiscal years beginning on or after December 15, 2008, and interim periods within those years. SFAS No. 163 has no effect on the Company's financial position, statements of operations, or cash flows at this time.

In May 2008, the Financial Accounting Standards Board ("FASB") issued SFAS No. 162, "*The Hierarchy of Generally Accepted Accounting Principles*". SFAS No. 162 sets forth the level of authority to a given accounting pronouncement or document by category. Where there might be conflicting guidance between two categories, the more authoritative category will prevail. SFAS No. 162 will become effective 60 days after the SEC approves the PCAOB's amendments to AU Section 411 of the AICPA Professional Standards. SFAS No. 162 has no effect on the Company's financial position, statements of operations, or cash flows at this time.

In March 2008, the Financial Accounting Standards Board, or FASB, issued SFAS No. 161, "*Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133*". This standard requires companies to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company has not yet adopted the provisions of SFAS No. 161, but does not expect it to have a material impact on its consolidated financial position, results of operations or cash flows.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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.

Inventory

The Company's inventory is comprised of finished goods and raw materials and is located in San Marcos, California. Inventory is stated at the lower of cost (first-in, first-out) or net realizable value.

As of June 30, 2009 and December 31, 2008 inventory consisted of the following:

	<u>2009</u>	<u>2008</u>
San Marcos, CA	\$ 1,590,126	\$1,656,554
Bayswater, Australia	0	6,341
Allowance for obsolete Inventory	<u>(223,803)</u>	<u>(223,803)</u>
Total	<u>\$ 1,366,323</u>	<u>\$ 1,439,092</u>

CERTIFICATE

The above financial statements for the period ended June 30, 2009, and the notes thereto, present fairly, in all material respects, the financial position of the issuer and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied.

Dated: July 27, 2009



Werner Funk, President
Omnitek Engineering Corp.