

# OMNITEK ENGINEERING CORP

## BALANCE SHEET

JUNE 30, 2008

---

### ASSETS

#### CURRENT ASSETS:

|                           |           |
|---------------------------|-----------|
| Cash                      | 102,415   |
| Accounts Receivable - Net | 124,970   |
| Inventories - Net         | 1,103,606 |
| Prepaid Expense           | 216,819   |

Total Current assets 1,547,811

PROPERTY – net 29,498

INTANGIBLE ASSETS ACQUIRED – net 297,008

DEFERRED TAX ASSET 462,354

TOTAL 2,336,671

### LIABILITIES AND STOCKHOLDERS' EQUITY

#### CURRENT LIABILITIES

|                          |         |
|--------------------------|---------|
| Accounts payable         | 49,334  |
| Accrued Interest         | -       |
| Accrued Payroll/Vacation | 14,926  |
| Accrued expenses         | 296,496 |
| Customer Deposits        | 113,883 |

Total current liabilities 474,639

LONG-TERM LIABILITIES -

#### STOCKHOLDERS' EQUITY:

|   |             |
|---|-------------|
| Common stock: 25,000,000 shares authorized; no par value;<br>16,006,398 shares issued and outstanding | 2,320,476   |
| Paid-in-capital   | 1,701,337   |
| Accumulated deficit   | (2,159,781) |

Total stockholders' equity 1,862,032

TOTAL 2,336,671

Not Audited

Interim financial statements.

**OMNITEK ENGINEERING CORP**  
**STATEMENT OF OPERATIONS**  
**2nd Quarter 2008**

|                            | <b>Three Months Ended</b> |                          |
|----------------------------|---------------------------|--------------------------|
|                            | <b>6/30/2008</b>          | <b>6/30/2007</b>         |
| NET SALES                  | 961,102                   | 205,799                  |
| COST OF GOODS SOLD         | <u>638,569</u>            | <u>163,530</u>           |
| Gross margin               | \$322,533                 | \$42,269                 |
| OPERATING EXPENSES:        |                           |                          |
| Sales & Marketing          | 27,566                    | 0                        |
| General and Administrative | 131,531                   | 120,960                  |
| Research and Development   | <u>41,449</u>             | <u>0</u>                 |
| Total operating expenses   | \$200,546                 | \$120,960                |
| EARNINGS FROM OPERATIONS   | \$121,987                 | (\$78,692)               |
| OTHER INCOME (EXPENSES)    | <u>(\$1,639)</u>          | <u>38</u>                |
| EARNINGS BEFORE INCOME TAX | \$120,348                 | (\$78,654)               |
| INTEREST INCOME            | 1,690                     | 1,688                    |
| STATE INCOME TAX           |                           |                          |
| NET INCOME                 | <u><u>\$122,038</u></u>   | <u><u>(\$76,966)</u></u> |

Not Audited  
Interim financial statements.

**OMNITEK ENGINEERING CORP**  
**STATEMENT OF CASH FLOWS**  
**2nd Quarter 2008**

|  | <b>Three Months Ended</b> |                      |
|--|---------------------------|----------------------|
|  | <b>6/30/2008</b>          | <b>6/30/2007</b>     |
| OPERATING ACTIVITIES:  |                           |                      |
| Net Income   | 122,038                   | (349,931)            |
| Adjustments to reconcile net income to net cash used for operating activities: |                           |                      |
| Depreciation and amortization  | 34,341                    | 34,125               |
| Options  |                           | 236,490              |
| Changes in assets and liabilities:   |                           |                      |
| Accounts receivable  | 64,722                    | (75,005)             |
| Inventories  | (26,236)                  | 53,286               |
| Other assets   | (133,171)                 | 11,649               |
| Accounts payable   | (59,723)                  | (6,556)              |
| Accrued Interest   | 0                         | 1,003                |
| Accrued Payroll/Vacation   | 6,630                     | 1,957                |
| Customer Deposits  | 66,208                    | 14,976               |
| Accrued Expenses   | 25,696                    | 20,236               |
| INVESTING ACTIVITIES Net cash provided by operating activities                 | <u>100,504</u>            | <u>(57,769)</u>      |
| Acquisition of property, patents, or trademarks                                | <u>(7,179)</u>            | <u>(5,500)</u>       |
| FINANCING ACTIVITIES Net cash used for investing activities                    | <u>(7,179)</u>            | <u>(5,500)</u>       |
| Short-Term Loan  | (15,000)                  | 4,737                |
| Sale of Common Stock   | 0                         | 84,878               |
| Net cash provided by financing activities                                      | <u>(15,000)</u>           | 89,615               |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                           | 78,325                    | 26,346               |
| CASH AND CASH EQUIVALENTS, BEGINNING OF MONTH                                  | <u>24,090</u>             | <u>29,194</u>        |
| CASH AND CASH EQUIVALENTS, END OF MONTH  | <u><u>102,415</u></u>     | <u><u>55,540</u></u> |

Not Audited  
Interim financial statements.

**Omnitek Engineering Corp**  
**Reconciliation of EBITDA to Net Loss**  
**2nd Quarter 2008**

|                             | <b>Three months ended</b> |                  |
|-----------------------------|---------------------------|------------------|
|                             | <b>6/30/08</b>            | <b>6/30/2007</b> |
| Reported Net Loss           | 122,038                   | (76,966)         |
| Depreciation & Amortization | 34,341                    | 34,125           |
| Interest expense-net        | (1,530)                   | 50               |
| Other expense (income) -net | 1,639                     | 0                |
| Provision for income tax    |                           | 38               |
| EBITDA                      | 156,488                   | (42,752)         |