



2008 Annual Report

Omnitek Engineering Corp.

Contents

Item 1. The Company	1
Item 2. Description of Business	1
Item 3. Properties	11
Item 4. Legal Proceedings	11
Item 5. Submission of Matters to a Vote of Security Holders	11
Item 6. Market for Common Equity and Related Stockholder's Matters	12
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 8. Financial Statements and Supplementary Data.....	16
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	31
Item 10. Directors and Executive Officers	31
Item 11. Compensation of Directors and Executive Officers	33
Item 12. Security Ownership of Certain Beneficial Owners and Management	35
Item 13. Certain Relationships and Related Party Transactions	36
Item 14. Supplementary Data	37

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. DESCRIPTION OF BUSINESS

As the threats of global warming, air pollution and high energy costs remain in the forefront as a social, environmental and economic concern, the search for an alternative fuel becomes 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.

Omnitek Engineering, Corp. is a global leader in the alternative fuel engines industry. We develop and supply new natural gas engines and are the manufacturer of a proprietary technology used to convert old or new diesel engines to operate on natural gas, propane or hydrogen. That system allows the consumer to convert any existing diesel engine to a clean-burning natural gas engine at a fraction of the cost of a new engine. Additionally, when local emission standards, or other conditions, require the use of new engines, Omnitek can deliver competitively priced complete natural gas engine replacements. The Company's diesel-to-natural gas conversion technology have established us as a leader in the industry.

We estimate that the population of heavy-duty diesel vehicles and stationary engines around the world, which can be converted using our Diesel-to-Natural Gas Conversion System and offer the best return on investment, is approaching ten million engines. Worldwide new natural gas engine sales could easily reach ten thousand engines per year, for many years in the foreseeable future. Prevailing economic factors and the real threat of global warming, make abundantly available and inexpensive natural gas the fuel for the future.

Key Focus

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 customer's 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.

The Company's advanced engine management system has been successfully adapted to work with many different engine types and has been specifically designed to meet both current and future emissions standards. And, while the Company has extensive expertise in converting gasoline and diesel engines to engines operating on clean burning compressed natural gas ("CNG") or liquefied petroleum gas ("LPG" or "Propane"), it also offers complete new natural gas engines for sale. These engines can be used as direct replacements for high-polluting diesel engines and are offered in several different power configurations.

We approach this issue of "converting or replacing" high-polluting diesel engines by offering two main options, which in large part are influenced by the level of technological capabilities within the country and financial feasibility.

The first option has us working with local companies in an effort to convert high polluting diesel engines to clean burning natural gas, or in the alternative we can supply new dedicated natural gas engines as a second option.

To achieve the conversions as suggested by the first option above, Omnitek will supply engineering support to rebuild the engines locally to our specifications. This offers an economic benefit to the local economy by keeping the rebuild work in the community. Then the engines are equipped with our CNG fuel system, allowing for the engines to be tuned up to the EURO 5 standard.

In the second scenario, Omnitek will supply a complete, low-polluting, alternative fuel engine in either a 4 or 6 cylinder configurations. This may be the better option when the existing engines are based on old and outdated technology or when strict emissions standards are in place.

Business Forecast

Our markets can best be divided into two sets of groups:

1A. Countries not requiring compliance with emissions standards, or no standards are in place (emissions certification not necessary therefore a shorter time to market). Examples of such countries are Thailand, Myanmar, and Bangladesh.

1B. Countries that require compliance with emissions standards (emissions certification necessary and therefore a longer time to market). Examples would include India, China, the European Union and the United States.

Omnitek is currently focusing primarily on countries not requiring compliance with emissions standards and secondarily on countries requiring compliance with emissions standards.

2A. Countries which import diesel (crude oil) AND natural gas.

2B. Countries which import diesel (crude oil), but have their own supply of natural gas.

We are currently focusing on countries that have their own supply of natural gas. Even with lower crude oil prices, it is a big economic advantage to these governments to use their own gas, rather than importing diesel (crude oil). There is also good support from governments of these countries to convert vehicles over to natural gas.

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 becomes 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 1/3rd the price of diesel fuel.

However, converting existing high polluting diesel engines into clean burning natural gas engines has historically been problematic and low oil prices did not favor such conversions. The problem has been finding ways to cost-effectively retrofit/convert existing high polluting diesel engines with natural gas technology. Most attempts

to utilize the same technology that has been used to convert car engines have not been successful. It requires substantially different technology to convert a large heavy-duty diesel engine to natural gas. Additionally, these solutions often reduced the working horsepower of these engines significantly, making them less productive and the decrease in pollution levels were less than anticipated. It is estimated that there are approximately 150,000 to 250,000 diesel-powered buses and trucks operating in each of the large urban centers around the world. The total population of diesel vehicles and stationary engines worldwide, which can be converted using our diesel-to-natural gas conversion system, and offer the best return on investment, is estimated to approach ten million engines.

Omnitek has developed a system that enables diesel and gasoline engines to operate on CNG or LPG and the conversion can be done at a fraction of the cost of a new engine. The system and components can be used to convert new or used engines. The key to the technology is a sophisticated electronic control unit which senses engine parameters in real time and instantly adjusts to deliver the correct amount of fuel and the correct ignition timing, therefore resulting in optimal engine performance while operating at the lowest emissions.

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. Our new natural gas engines have been operating successfully on the roads of Thailand since 2006.

CNG Stats

- Natural gas vehicles are typically five years ahead of most other commercially viable fuels in terms of air pollutant reductions. The mass conversion of more than 10,000 diesel buses to CNG in Delhi India in 2001 has led to measurable improvements in air quality. This success is now being duplicated in Bangkok and other cities throughout Asia.
- Natural gas vehicles typically offer greenhouse gas reductions of as much as 30% (and close to 100% where biomethane is used). With climate change now firmly on the agenda at all levels of society, natural gas offers an economic and environmental advantage unmatched by any other fuel.
- Natural gas engines have engine life, reliability and power that match that offered by other fuels.
- Governments worldwide have learned in recent years the importance of having stable and locally available energy supplies. Widely available, including from renewable sources, natural gas reduces reliance on imported oils for many countries and is less costly.
- In use for more than 70 years, natural gas has an excellent safety record.

Focus on Markets

Thailand

As with most Asian countries, Thailand is a net importer of oil. Energy consumption is about 1.8 million barrels per day and is expected to be around 3 million barrels per day by 2015. Oil is the main source of energy in Thailand (47% of the total energy consumption in 2005), about 67% of which is consumed by transportation sector. As a result, the price of crude oil in the world market nowadays has a great impact on motorists and the country's economic expansion.

There are large natural gas reserves in Thailand (including the reserves in the Thailand-Malaysia Joint Development Area). Natural gas is the most favored alternative fuel. It is inexpensive, while contributing lower tailpipe and greenhouse gas emissions than diesel and gasoline.

- Omnitek's 200 horsepower natural gas engines have completed all demonstration projects in Thailand and have surpassed all expectations. One demonstration project resulted in an average savings to the operator of 63% in fuel costs alone. Maintenance costs were also lower when compared to a diesel engine. The vehicle was covering about 400 to 500 km every day.

- Omnitek was appointed as part of a re-powering project at the Bangkok Laem Chabang Sea Port. The first two UTR container-handling vehicles, owned by LCB1 Ltd., had their Cummins 5.9 liter engines replaced with Omnitek 5.8 liter CNG engines. The engine of a third UTR was converted from diesel to CNG. LCB1 Ltd. operates approximately 200 UTRs at the Bangkok port.
- The results of the project showed that switching from diesel to natural gas can result in 30% to 50% savings in fuel and maintenance costs and as a result of the success of the re-powering project and other similar demonstrations in Thailand, the Company's technology has been certified by the government as an approved provider of CNG conversion kits and new CNG engines. The low-interest rate loans available to the fleet operators to re-power trucks and buses, creates a large market for Omnitek's natural gas engines.
- Omnitek has appointed CYT Gas Tech Co. Ltd. as the exclusive natural gas engine warranty and engine parts distribution center for Thailand, as well as a non-exclusive dealer for Omnitek's CNG engines. There are currently twenty Omnitek natural gas engines operating in Thailand, with five more in transit, scheduled to arrive Thailand in April of 2008.
- Omnitek Engineering, Corp. and Omnitek Engineering Thailand Co. Ltd., have entered into a joint venture agreement in Thailand to sell Omnitek's proprietary diesel-to-natural gas engine conversion kits and new natural gas engines used to repower existing diesel trucks and buses. Omnitek reports a 15% interest in the JV.
- At the end of 2008, Omnitek had 25 new natural gas engines operating in Thailand.

Bangladesh

Omnitek has delivered over 300 natural gas conversion kits to a customer in Bangladesh. The customer has 1000 diesel buses operating in Dhaka and plans to convert all of them so he can use inexpensive natural gas from a domestic source. It is expected that other bus fleets will follow and a substantial portion of the estimated 20,000 target vehicles in Dhaka to be converted to natural gas.

Malaysia

In 2008, Omnitek commenced a conversion project in Malaysia. The successful completion of this project can result in the expansion to convert a total of 2000 diesel buses to CNG.

India

In response to the tremendous health burden that most people living in the larger cities in India have to endure, the Indian Government has passed some of the strictest emission regulations. The Government ruled that all high-polluting diesel buses be converted to operate on clean-burning natural gas. Further, the Supreme Court of India has decreed that all public transport has to be CNG powered in Delhi in a bid to deal with air quality problems. This program is being rolled out to other Indian cities as they get access to natural gas.

Since most imported natural gas engines cost upwards of \$16,000, diesel-to-natural gas engine conversions has been the only affordable option. Omnitek is selling parts for conversion kits in India and is an OE Supplier to TATA Motors of India.

China

Omnitek's exclusive representative in China is currently working with several commercial customers and government agencies to supply the local market. Prior to 2006, the market in China was not very attractive, because natural gas supply was not very reliable and its use was limited to a very small geographic area. However, since the natural gas pipeline that connects the large gas reserves in the far western regions of China with the large cities on the eastern seaboard was completed, the Chinese Government has asked that a large number of buses and delivery trucks take advantage of this inexpensive fuel. China currently must import about 40% of crude oil used, but has extremely large gas reserves.

Omnitek is currently negotiating to have its system used to convert high-polluting diesel engines to clean burning natural gas engines in some of the larger cities in China.

Peru

Projects in Peru are being negotiated. The Peruvian Government is supporting large-scale conversion projects with finance packages that are affordable to the fleets. It is anticipated that upwards of 40,000 diesel powered trucks and buses will be converted. Peru has large natural gas reserves.

Bulgaria

Omnitek is entering the market in Bulgaria for the conversion of all public buses. The Sofia Public Transport Company has initiated a project to convert all buses to natural gas over a two-year period.

Turkey

Omnitek is negotiating with Turkish companies for exclusive distribution agreements for this country.

United States

In 2007 Omnitek converted three generators in the oil fields of Bakersfield, California, to natural gas units and converted an additional five gas compressors to meet current California Emission Standards. The natural gas used to fuel these engines is provided directly from the well source. The engines have been running with no maintenance issues. It is estimated that there are thousands of engines in California alone that currently do not meet the California emission standards and could be converted using the Omnitek technology.

To help meet America's growing energy demand, oil producers are striving to increase production at existing oil fields. Diesel generators are responsible for producing a portion of the energy required for operations at the oil fields. The problem with the existing diesel generators, which were designed for backup rather than base load use, is that they exceed current emissions limits when they run. In the search for more power from a low-emission, non-interruptible source, Omnitek demonstrated the ability of CNG generators to meet their energy need.

The Port of Long Beach has enacted a "Green Port Policy." In conjunction with the new policy, the operators of the docks loading and unloading facilities have recently begun a retrofit project to replace the diesel engines in UTRs with CNG engines. Omnitek is offering services for this project.

Omnitek is the engine management system supplier to new natural gas engine manufacturer Emission Solutions Inc., Texas, and assisted ESI to obtain 2007 emissions certifications by CARB and the EPA. The Navistar International DT466E base engine is widely used in school buses and local delivery trucks.

Omnitek, in cooperation with the Southern California Gas Company (a SEMPRAs Company), is participating in a large-scale conversion project to convert irrigation pumps in the central valley of California. There are upwards of 10,000 irrigation pumps, which have to be replaced or upgraded to meet current emission standards.

Our Products

We generate sales revenue from the following products:

Conversion Kits

The Omnitek engine conversion system enables diesel and gasoline engines to operate on natural gas or propane and provides an innovative and cost effective option to any engine manufacturer as well as to the retrofit markets and engine converters.

Omnitek converts the engines locally on a "Technology Transfer" basis. This offers an economic benefit and boost to the local economy. The engines are being equipped with the Omnitek CNG fuel system, allowing for the engines to be tuned up to the EURO 5 standard. These conversion kits are sold to regional dealers for \$1200 to \$2800 per kit, and to the end-user for \$1,800 - \$ 3,600. Omnitek sells a more expensive solution here in North America due to additional parts required to meet certain emission standards.

Profit margins per kit are between 25% and 45%.

New CNG Engines

Under certain conditions it is not cost effective, or technologically feasible, to convert a diesel engine to operate on natural gas. Emission standards may dictate the use of highly sophisticated technology that cannot be easily retrofitted to an engine and purpose built alternative fuel engines are the only option.

In order to meet new emission standard (EURO 5) and depending on power output, new heavy-duty natural gas engines from Cummings, Volvo or Mercedes, cost between \$22,000 and \$64,000. Outside the most affluent countries, this is out of the range bus and truck fleet operators can afford. Omnitek offers dedicated natural gas engines in various power configurations, at prices ranging from \$12,000 to \$24,000.

Gross Margins

Gross margins for CNG components and conversion kits are between 25% and 45%. New engine sales gross margins are between 20% and 40%. Further profits could be made in the actual installation of the engines and conversion components into the vehicles. The Company has chosen to focus on manufacturing and product development, and has strategic partners in the field to expedite product installation and maintenance.

Marketing and Distribution

The Company presently markets its products worldwide to engine manufacturers, system integrators, fleet operators, engine conversion companies and end-users. The Company relies on its personal and current distributors to market and distribute its products. The Company is actively seeking additional global distribution partners without which the Company's future revenue growth may be limited and expenses may increase. The Company currently competes against other companies with greater resources, more established distribution channels and other competitive advantages, and the success of these competitors may harm our ability to generate revenues.

Technical Services

We believe our ability to execute high-quality and timely technical support is a key factor in establishing the capability we can offer. We provide both pre-sale and post-sale support for our products.

Competition

We compete in only a small segment of the transportation and energy arena. Most of the major manufacturers do not offer a complete solution for the market we service. We believe that competition in these areas is principally based on the quality of the product in terms of, performance, reliability, service, deliverability, and price. Because of our limited financial resources, we are at a competitive disadvantage with most other suppliers of competitive products and services. The Company believes that the products it has developed have many important advantages over the products of its competition, some of which are superior performance, ease of use, reliability and cost.

Diesel-to-CNG Conversion Technology

There are no direct competitors to the Diesel-to-Natural Gas Conversion Technology that we have created. Suppliers like IMPCO, Bosch and Keihin mainly supply OE engine manufacturers and are not offering systems to convert diesel engines. The Company's system can be programmed by the consumer and can be used to convert gasoline or diesel engines to operate on natural gas.

IMPCO, BRC, Landirengo, Tartarini, Tomasetto, supply natural gas components for use on cars and small trucks. These technologies have been on the market for many years and millions of vehicles have been converted worldwide using these technologies. However, this technology is not suitable for heavy-duty engines, and is not in direct competition with Omnitek's technology. At this time Omnitek is not planning to compete in the small engine market.

New Natural Gas Engines

Depending on emission standards, size and power output, heavy-duty engines from Cummings, Volvo or Mercedes, for instance, cost between \$22,000 and \$64,000. Our natural gas engines range from \$12,000 to \$24,000. The reliability of the technology, combined with lower prices, makes the Omnitek engine extremely attractive to potential customers.

The Company has technologies for cars, trucks, generators and other stationary industrial engines. Our technology has always performed superiorly and has been successfully demonstrated in several large-scale projects.

Omnitek supplies complete low-polluting alternative fuel engines in 4 and 6 cylinder configurations and up to 280 hp. The dedicated alternative fuel engines can meet EURO II, III, IV and V standards.

The Company believes that the products it has developed have many important advantages over the products of its competition, some of which are superior performance, ease of use and cost.

Electronic Fuel Injection

The competitors for the Company's electronic fuel injection system are the multi-national OE suppliers like Bosch, Siemens and Delphi. However, these systems are custom made for a specific engine and are very time consuming and expensive to program, and can only be programmed by the system manufacturer. Our system can be programmed quickly by any consumer, which allows for flexibility and a short time-to-market.

The Company believes that the products it has developed have many important advantages over the products of its competition, some of which are superior performance, ease of use and lower cost.

Sources of raw materials or suppliers

We rely on nonaffiliated suppliers for various standard and customized components and on manufacturers of assemblies that are incorporated into our products. We do not have long-term supply or manufacturing agreements with suppliers and manufacturers. In some instances alternative sources may be limited. If these suppliers or manufacturers experience financial, operational, manufacturing capacity, or quality assurance difficulties, or cease production and sale of such products, or if there is any other disruption in our relationships with these suppliers or manufacturers, we will be required to locate alternative sources of supply. Our inability to obtain sufficient quantities of these components, if and as required in the future, may subject us to:

- delays in delivery or shortages in components that could interrupt and delay manufacturing and result in cancellations of orders for our products;
- increased component prices and supply delays as we establish alternative suppliers;
- inability to develop alternative sources for product components;
- required modifications of our products, which may cause delays in product shipments, increased manufacturing costs, and increased product prices; and
- increased inventory costs as we hold more inventory than we otherwise might in order to avoid problems from shortages or discontinuance, which may result in write-offs if we are unable to use all such products in the future.

2008 Year in Review

During the 2008 fiscal year Omnitek managed to generate revenues of \$3.3 million. Lost some orders due to lack of the necessary capital to accept and fulfill these orders.

- \$3,359,953 million in revenues in 2008
- Record sales of diesel-to-natural gas conversion kits
- Lost sales due to the inability to fund orders
- In a cooperative effort with The Southern California Gas Company, a Sempra Energy Utility, explored the possibility to convert diesel irrigation pumps to natural gas
- Laid the groundwork for a mass engine conversion projects in Cairo, Egypt and Peru
- Solidified leadership position in existing sales territories
- Entered into JV Agreements in Thailand.
- Omnitek began listing on the OTCQX.

- Omnitek receives of Notice of Allowance from the United States Patent Office for a key technology, essential for achieving ultra-low emission levels with natural gas engines.
- Omnitek and Governors America Corp. sign marketing and sales agreement that combines the strengths and capabilities of both companies to aggressively attack the growing natural gas engine market worldwide.

2009 Prospects

- Commence conversion activities in Malaysia
- Increase shipments of diesel-to-natural gas conversion kits to existing customers;
- Increase shipments of new engines to existing customers
- Commencement of the large-scale engine conversion project in Egypt, Peru and Bulgaria.
- Commence CARB and EPA certification of Omnitek's CNG engines

01/2009 Updates

- Omnitek appoints G&W Group, S.A. as the company's exclusive agent in Peru and announces an initial order valued at approximately \$4.5 million for its diesel-to-natural gas conversion systems. The conversion order is for a fleet of delivery vehicles and the conversion project is expected to be completed over a two-year period.
- Omnitek appoints Metan Market, Ltd. as the company's exclusive agent in Bulgaria and announces an initial order valued at approximately \$600,000 for diesel-to-natural gas conversion systems.
- The company signs a similar exclusive agent agreement with Ruston Endüstriyel, based in Ankara, Turkey.

Manufacturing

Assembly and Testing

We produce our products principally by assembling components and subassemblies that we acquire from qualified vendors and manufacturers, including Bosch, Standard Motor Products and Nology Engineering. We are dependent on such companies for the items supplied by them and may encounter delays, incur additional costs, or have to alter the performance capabilities of our products if we were required to establish an alternative source for these components. We also use industry standard electronic and mechanical components and other items available from a number of independent, unaffiliated sources that are assembled into our products. We intend to increase the limited amount of finished goods in inventory to facilitate sales demonstrations and to meet priority short-term delivery requests. Our ability to maintain a large finished goods inventory is constrained by our limited capital.

We generally rely on our own personnel to assemble and complete initial test runs of production products. We retain the capability to assemble and test most products in our own facility in order to meet priority critical delivery schedules.

We may look to utilize outside contract manufacturers in order to coordinate and accelerate deliveries, quality control, and system integration.

Components and Subassemblies

The materials for our products consist of proprietary components and subassemblies as well as miscellaneous standard and readily available items. We would have to seek alternative replacements if any source became unavailable. We have selected our suppliers because of the quality and compatibility of their products, although alternative sources are available. We have no long-term or master agreements for the purchase of any of the above items, but purchase items under standardized purchase orders as needed.

We have no contract with any such supplier that requires it to give us priority delivery when, as has occurred from time to time previously, items are in short supply. We are forced to delay shipments when required components are unavailable; which sometimes prevents us from meeting the scheduled delivery dates under our

contracts with our customers. This may expose us to claims for breach of contract and related damages or jeopardize our relationships with our customers. Except for the limited source items as noted above, the other industry standard electronic and mechanical components and other items that we require for our products are readily available from several competitive sources.

Intellectual Property

We believe our intellectual properties are important to our business and growth. We rely on patent laws, trade secret protection, and confidentiality agreements with employees, consultants, customers, and others with which we interact to protect our proprietary rights.

The Company holds the following patents and trademarks:

US Patents

7,426,920 - Fuel Mixer Apparatus and Method

6,374,816 - Apparatus and Method for Combustion Initiation

7,019,626 - Multi-fuel Engine Conversion System and Method

Japanese Patent:

No. 3,534,708 - Combustion Initiation Device and Method for Tuning a Combustion Initiation Device

In addition, Werner Funk, the Company's founder and CEO, is the inventor or a co-inventor of the following patents and pending patent applications, which have been assigned to and are owned by Nology Engineering, Inc., Omnitek's sister company.

US Patents:

3,534,708 - Combustion Initiation Device and Method for Tuning a Combustion Initiation Device (this is an abandoned Japanese patent - no longer enforceable)

D395,658 - High Performance IC Ignition Coil

6,615,810 - Apparatus and Method for Combustion Initiation

6,559,376 - Combustion Initiation Device and Method for Tuning a Combustion Initiation Device

Pending patent application 11/640,695 - Vehicle Data Display System

The protection of proprietary rights relating to the Company's products and expertise is critical for the Company's business. The Company intends to file additional patent applications for each product as it is developed to protect technology and improvements that are considered important to the development of its business. The Company also intends to rely upon trade secrets, know-how, continuing technological innovation and licensing opportunities to develop and maintain its competitive position.

Although the Company intends to seek patent protection for its proprietary technology and products in the United States and in foreign countries, the patent positions of products such as the Company's, are generally uncertain and involve complex legal and factual questions. Consequently, the Company does not know whether any of the patent applications that it has and will consider filing will result in the issuance of any patents, or whether they will be circumvented or invalidated. There can be no assurance that all United States patents that may pose a risk of infringement can or will be identified. Additionally, the Company has not sought to identify foreign patent applications that might affect existing patent applications currently on file with the United States Patent and Trademark Office. If the Company is unable to obtain licenses where it may have infringed on other patents, it could encounter delays in product market introductions while it attempts to design around such intellectual property rights, or could find that the development, manufacture or sale of products requiring such licenses could be prevented. In addition, the Company could incur substantial costs in defending against suits brought against it on such intellectual property rights or prosecuting suits, which the Company brings against other parties to protect its intellectual property rights. Competitors or potential competitors may have filed applications for, or have received patents and may obtain additional patents and proprietary rights relating to, compounds or processes competitive with those of the Company.

The Company intends to rely upon certain patented and unpatented trade secrets for a significant part of its intellectual property rights, and there can be no assurance that others will not independently develop substantially equivalent proprietary information and techniques, or otherwise gain access to the Company's trade secret or disclose such technology, or that the Company can meaningfully protect its rights to its unpatented trade secrets.

The Company intends to require each of its employees, consultants and advisors to execute confidentiality agreement either upon the commencement of an employment or consulting relationship with the Company or at a later time. There can be no assurance, however, that these agreements will provide meaningful protection for the Company's trade secrets in the event of unauthorized use or disclosure of such information. We frequently review our research and development efforts and product identification needs to consider whether we should seek additional patent or trademark protection for new developments or product offerings.

We do not believe that any of our products or other proprietary rights infringe upon the rights of third parties. However, we cannot assure that others may not assert infringement claims against us in the future and recognize that any such assertion may require us to incur legal and other defense costs, enter into compromise royalty arrangements, or terminate the use of some technologies. Further, we may be required to incur legal and other costs to protect our proprietary rights against infringement by third parties.

The Company has spent \$649,483 on research and development in the last two years.

Government Regulation

The Company's Compressed Natural Gas ("CNG") engines are equipped with Omnitek's proprietary CNG fuel system, which allows for the engines to be tuned to meet the EURO II, III, IV and V emissions standard.

The Company's products are not presently subject to any regulatory or governmental approval before exporting. It is the intent of the Company to seek approval from the appropriate governmental agencies, if so required, to export or use the products domestically.

The Company's technology as applied in the United States is subject to approval from the US Environmental Protection Agency ("EPA") as well as state agencies such as the California Air Resources Board ("CARB"). As such, the Company currently does limited business in the United States.

Warranty and Service

Generally we warrant our products against defects in workmanship and materials for a period of 1 year. Under such warranty, we may, at our option, service or replace defective parts, provided that the customer has complied with the warranty provisions. We have not incurred substantial material costs associated with fulfilling our warranties.

Employees

We have 9 employees and outsource production of certain non-proprietary components. We believe we have a good working relationship with our employees, which are not represented by any organized labor or union agreements. We utilize consultants to supplement our permanent staff and contract manufacturers to assemble certain standard products.

We are anticipating a substantial change in the number of employees required to execute the expansion plan described herein. These increases will occur as required, however, we will require a substantial infusion of capital prior to commencement of such hiring. For additional management, engineering and sales positions, the Company plans to contract or employ personnel with a high degree of expertise and plans to conduct extensive in-house training and schooling to assure a high degree of competence. Many of country-specific sales, service and marketing positions are through partnerships with well established local companies.

The Company currently outsources certain services that are not proprietary in nature. We intend to continue to use the services of independent consultants and contractors to perform various professional services. We believe that this use of third-party service providers will enhance our ability to contain general and administrative expenses.

Additional Company Information

On November 3, 2006, the Company acquired Pensare, Inc., a Colorado corporation, which included intellectual property and a customer list, in consideration for 300,000 shares of common stock. In conjunction with the merger, the Company issued a non-qualified stock option for 300,000 shares to Pete Peterson as part of his employment agreement. The Company has not had any other material reclassifications, mergers, consolidations, or

purchases or sales of any significant amount of assets in the ordinary course of business, other than as set forth above.

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 6 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 3. PROPERTIES

The Company owns no real property and currently has a lease for our principal executive offices and related engineering and assembly facilities located in approximately 6,000 square feet of space at 1945 S. Rancho Santa Fe Road, San Marcos, California, 92078.

ITEM 4. 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. 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 5. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On November 15, 2008, an annual meeting of the Shareholders was held. As of the October 10, 2008. Record Date for said meeting, there were 16,006,398 shares issued and outstanding eligible to vote. The shareholders voted 14,741,689 shares in favor and 0 shares against (1,264,709 not voting) for the election of three (3) Directors, Werner Funk, Janice M. Quigley, and John G. Reed, to serve for a term of one (1) year or until their successors are duly appointed and qualified.

The shareholders ratified the appointment of H J & Associates, LLC as independent accountants for the fiscal year ending December 31, 2008 by a vote of 14,741,689 shares in favor, 5,000 abstaining, and 0 shares against (1,259,709 not voting).

Also ratified at the meeting by a vote of 14,741,689 shares in favor and 0 shares against, with 5,000 abstaining (1,259,709 not voting) were the Amended and Restated Bylaws of the Company.

ITEM 6. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

Market Information

Our common stock is been traded on the OTCQX, the premier tier of the U.S. over-the-counter market, under the symbol "OMTK.PK." The CUSIP number for the Issuer's common stock is 68215W107. The following table sets forth, in U.S. dollars the high and low bid prices for each of the calendar quarters indicated, as reported by the OTCQX. The prices in the table may not represent actual transactions and do not include retail markups, markdowns or commissions.

	Company Common Stock Bid Prices	
	High	Low
<u>2008</u>		
Quarter ended December 31	\$ 2.10	\$ 0.60
Quarter ended September 30	3.00	0.50
Quarter ended June 30	0.95	0.25
Quarter ended March 31	0.98	0.25
<u>2007</u>		
Quarter ended December 31	\$ 1.00	\$ 0.13

There is currently a limited public market for the Common Stock and there can be no assurance that an active trading market will develop or, if one does develop, that it will be maintained. However, should such a market arise, the possibility or actual sale into the market of shares of the Company's Common Stock as permitted under Rule 144 of the Securities Act of 1933 (the "Act") may adversely affect prevailing market prices, if any, for the Company's Common Stock and could impair the Company's ability to raise capital through the sale of its equity securities. In order to qualify for unrestricted resale of Common Stock under Rule 144, certain holding periods must be met and a legal opinion setting forth the exemption from registration must be provided. Further, there is no assurance that Rule 144 will be applicable to the Company and investors may not be able to rely on its provisions now or in the future. In addition, sales of significant amounts of Common Stock by the Company subsequent to this offering could have an adverse effect on the market price, if any, for the Company's securities.

The market price of our common stock will likely fluctuate significantly in response to the following factors, some of which are beyond our control: variations in our quarterly operating results; changes in financial estimates of our revenues and operating results by securities analysts; changes in market valuations of travel companies; announcements by us of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments; additions or departures of key personnel; future sales of our common stock; stock market price and volume fluctuations attributable to inconsistent trading volume levels of our stock; commencement of or involvement in litigation.

As of December 31, 2008 there are 16,006,398 shares of common stock issued and outstanding and 1,754,862 are in the public float. There are issued and outstanding options and warrants entitling the holders thereof to purchase up to 5,370,000 shares of the Company's common stock. Of those options and warrants, 3,253,334 are vested. The exercise price for the options and warrants range from \$0.01 per share to \$1.00 per share (post split adjusted).

Each share of Common Stock shall have, for all purposes one (1) vote per share. Subject to the preferences applicable to Preferred Stock outstanding at any time, the holders of shares of Common Stock shall be entitled to receive such dividends and other distributions in cash, property or shares of stock of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefore. The holders of Common Stock issued and outstanding have and possess the right to receive notice of shareholders' meetings and to vote upon the election of directors or upon any other matter as to which approval of the outstanding shares of Common Stock or approval of the common shareholders is required or requested.

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 Preferred Stock may be divided into such number of series as the Board of Directors may determine. The Board of Directors is authorized to determine and alter the rights, preferences, privileges and restrictions granted to and imposed upon any wholly unissued series of Preferred Stock, and to fix the number of shares of any series of Preferred Stock and the designation of any such series of Preferred Stock. The Board of Directors, within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series, may increase or decrease (but not below the number of shares such series then outstanding) the number of shares of any series subsequent to the issue of shares of that series.

Common Stock information as of the end of the issuer's last three fiscal years, there were no preferred shares outstanding as of these periods.

For Fiscal Year Ended December 31, 2008

(i)	Number of shares of common stock authorized	125,000,000
(ii)	Number of shares common stock outstanding	16,006,398
(iii)	Number of shares common stock freely tradable (public float)	1,754,862
(iv)	Total number of beneficial shareholders	183
(v)	Total number of shareholders of record	54

For Fiscal Year Ended December 31, 2007

(i)	Number of shares of common stock authorized	25,000,000
(ii)	Number of shares of common stock outstanding	16,006,398
(iii)	Number of shares of common stock freely tradable (public float).....	1,744,862
(iv)	Total number of beneficial shareholders	60
(v)	Total number of shareholders of record	58

For Fiscal Year Ended December 31, 2006

(i)	Number of shares of common stock authorized	25,000,000
(ii)	Number of shares of common stock outstanding	3,934,038
(iii)	Number of shares of common stock freely tradable (public float)	0
(iv)	Total number of beneficial shareholders.....	54
(v)	Total number of shareholders of record	54

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, 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.

Holders

There were approximately 54 holders of record and 183 beneficial owners of the Company's Common Stock as of December 31, 2008.

Dividends

Common Stock - No dividends have ever been paid on the Common Stock and the Company does not currently anticipate paying any cash or other dividends on the Common Stock. Future dividend policy will be determined by the Board of Directors of the Company in light of prevailing financial need and earnings, if any, of the Company and other relevant factors. Investors who anticipate the need for either immediate or future income in the form of cash dividends from an investment in the Company should not purchase the Shares offered hereby.

Preferred Stock - Under our articles of incorporation, our Board of Directors is authorized, without stockholder action, to issue preferred stock in one or more series and to fix the number of shares and rights,

preferences, and limitations of each series. Among the specific matters that may be determined by the Board of Directors are the dividend rate, the redemption price, if any, conversion rights, if any, the amount payable in the event of any voluntary liquidation or dissolution of our company, and voting rights, if any. As of the date of this prospectus, no shares of preferred stock were issued and outstanding.

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 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Following discussion of our financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and Notes thereto, and any other financial information posted on Pink Sheets. This discussion contains forward-looking statements and involves numerous risks and uncertainties. Our actual results may differ materially from those contained in any forward-looking statements.

Statements contained herein that are not historical facts are forward-looking statements, as that term is defined by the Private Securities Litigation Reform Act of 1995. Although the Company believes that expectation reflected in such forward-looking statements are reasonable, the forward-looking statements are subject to risks and uncertainties that could cause results to differ from those projected. The Company cautions investors that any forward-looking statements made by the Company are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Such risks and uncertainties include, with limitation: well established competitors who have substantially greater financial resources and longer operating histories, changes in the regulatory environment in which the Company competes, and access to sources of capital.

Management's Plan of Operation.

The Company's products are beginning to realize substantial acceptance in the market place. The Company expects that sufficient cash will be generated from the sales of its products during the next twelve months to meet its operating requirements. However, the Company intends to continue its research and development to fine tune its existing products and to further develop new technologies. We believe that without additional financing, our operating cash flows will not be sufficient to reach the potential growth in revenues. Therefore, the Company intends on raising additional capital through the sale of equity and or debt securities in order to increase inventory and material levels, provide capital for research and development, certification, the hiring of additional employees, and expanding its marketing and distribution abilities.

The Year Ended December 31, 2008 compared to the Year Ended December 31, 2007

The Company's sales for the twelve months ended December 31, 2007 were \$1,017,217 compared to \$3,359,953 for 2008. This represents an increase of 330%, which the Company attributes to increased public awareness and acceptance of the Omnitek's products. Cost of sales for 2007 was \$774,707, or 76% of sales, compared to \$2,297,680, or 68% of sales, for 2008. Cost of sales decreased as a percentage of sales because the Company has completed the development stage of its current products and has begun to improve the efficiencies of its manufacturing process. The Company expects that as sales increase in 2009, the cost of sales as a percentage of sales will continue to decline, due to improvements in the manufacturing processes, as well as the Company's ability to purchase its materials at lower prices due to volume discounts.

The Company's operating expenses were \$1,902,558 for the year ended December 31, 2007 compared to \$2,229,830 during 2008. The increase is partly attributable to the value of options granted during 2007 of \$1,225,728 compared to only \$1,232,611 during 2008. The Company does not plan to issue a significant amount of options in 2009. Excluding the cost of the options the Company's general and administrative expenses would have been \$188,781 in 2007 compared to \$564,736 in 2008. This 199% increase is mainly attributable to the expanded corporate structure required to handle the increased sales and production. Depreciation and amortization expense was \$136,676 in 2007 compared to \$130,107 in 2008, which reflects the amortization of the intellectual property and customer list acquired from Pensare in 2007. The Company also decreased its research and development expense from \$356,316 in 2007 to \$293,167 in 2008 attributable to the substantial completion of research and development of the Company's current product line.

During the year ended December 31, 2007, the Company recognized a tax benefit from its operating losses of \$330,947 compared to an expense of \$59,830 in 2008. The Company expects to realize the benefit of its loss carryovers in 2008 and subsequent years. The Company's net loss was (\$1,328,572), or (\$0.08) per share for 2007 compared to (\$1,220,701), or (\$0.08) per share for 2008. Excluding the non-cash option expenses in 2007 the loss was (\$102,844). Excluding the non-cash option expenses in 2008 the Company realized income of \$11,910.

Liquidity and Capital Resources

The Company used cash in its operations of \$167,598 during the twelve months ended December 31, 2007 compared to \$46,728 of cash provided in the same period 2008. The Company's negative cash flow was covered by the net cash from financing activities of \$178,779 in 2007. In 2008, \$15,000 of the cash was used to repay notes payable. The Company expects that its operations will generate sufficient positive cash flows for the next months to cover its operating requirements and to meet its debt obligations.

At December 31, 2008, the Company had liquid current assets of \$1,728,380 compared to current liabilities of \$615,298. This is a current ratio of 2.81 to 1. Management believes that the Company's current assets are sufficient to maintain operations for the next twelve months.

The Company has no off balance sheet arrangements as of December 31, 2008.

Critical Accounting Policies

The preparation of our financial statements requires that management make estimates and judgments that can have a significant impact on the financial position and results of operations that we report in our consolidated financial statements. Accounting policies that require significant judgments and estimates include realization of accounts receivable; realization of inventory; accounting for business combinations including allocation of cost to assets acquired and the assessment of realization of long-lived assets acquired; and stock-based compensation. A description of our significant accounting policies is included in the notes to the consolidated financial statements. Judgments and estimates are based on historical experience as well as relevant facts and circumstances known at each reporting date. Actual results may differ from these estimates.

In assessing the realization of accounts receivable, we make judgments as to future collectability of accounts receivable, the creditworthiness of customers, advance payments made by customers, and other factors as appropriate. Historically, our provision for uncollectible accounts and our actual bad debts has not been significant in relation to the amount of our sales, and our estimates of uncollectible amounts have been materially correct. We do not expect our future bad debts to become significant because of the creditworthiness and nature of our customer base. However, if the amounts of actual future bad debts were to deviate from our historical experience, upon which the allowance has been based, our revenue could be adversely affected.

In assessing the realization of inventories, we make judgments as to the expected selling prices and future demand requirements of our products in relation to the cost, nature, and volume of our inventory on hand. Historically, the market value of our inventory has consistently exceeded its cost and the amount of excess or obsolete inventory has not been significant because most of our inventory is purchased as orders are received and products are assembled to fulfill those orders. Historically, any adjustments related to lower of cost or market valuation of inventory have not been material and we do not expect that this would change in the future as long as we continue to manage our inventory as we have done in the past. However, if these historical practices or trends were to change in the future, we could be required to adjust our inventory carrying values, which would have a negative impact on our gross profit.

Share-based compensation included in the consolidated financial statements principally relates to the issuance of common stock and the granting of stock options, and the related accounting principles governing the measurement of the related compensation. The measurement of share-based compensation related to the issuance of common stock for noncash compensation requires management to estimate the fair value of the common stock on the dates of issuance. The measurement of share-based compensation related to the grant of stock options requires management to determine the fair value of the options granted. We use the Black-Scholes option-pricing model, which requires judgments by management of expected future volatility of our common stock, expected term of the stock options, expected forfeitures of stock options, fair value of our common stock, and other factors. A change in these assumptions underlying the valuation of common stock or stock options could materially impact our share-based compensation expense and our results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**OMNITEK ENGINEERING CORP.**

Balance Sheet

ASSETS

	<u>December 31,</u> <u>2008</u>
CURRENT ASSETS	
Cash	\$ 46,471
Accounts receivable	25,559
Accounts receivable – related party (note 7)	7,043
Inventory (Note 3)	1,439,092
Deposits	210,215
Deferred tax asset (Note 2)	<u>403,324</u>
Total Current Assets	<u>2,131,704</u>
FIXED ASSETS, NET (Note 4)	<u>23,666</u>
OTHER ASSETS	
Prepaid Expense	2,500
Intellectual property, net (Note 5)	<u>242,842</u>
Total Other Assets	<u>245,342</u>
TOTAL ASSETS	<u><u>\$ 2,400,712</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Trade accounts payable and accrued expenses	\$ 220,952
Accrued expenses – related parties (Note 7)	298,984
Customer deposits (Note 6)	<u>95,362</u>
Total Current Liabilities	<u>615,298</u>
STOCKHOLDERS' EQUITY	
Common stock, no par value, 125,000,000 shares authorized; 16,006,398 shares issued and outstanding	2,320,476
Additional paid-in capital	2,933,948
Accumulated deficit	<u>(3,469,010)</u>
Total Stockholders' Equity	<u>1,785,414</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 2,400,712</u></u>

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

OMNITEK ENGINEERING CORP.

Statements of Operations

	For the Years Ended December 31,	
	<u>2008</u>	<u>2007</u>
REVENUE		
Sales	\$ 3,359,953	\$ 1,017,217
Cost of sales	<u>2,297,680</u>	<u>774,707</u>
Gross profit	<u>1,062,273</u>	<u>242,510</u>
OPERATING EXPENSES		
General and administrative	1,797,347	1,414,509
Bad debt expense	9,209	(4,943)
Research and development expense	293,167	356,316
Depreciation and amortization expense	<u>130,107</u>	<u>136,676</u>
Total Operating Expenses	<u>2,229,830</u>	<u>1,902,558</u>
Loss from Operations	<u>(1,167,557)</u>	<u>(1,660,048)</u>
OTHER INCOME (EXPENSE)		
Impairment of investments	-	(71)
Interest expense	(160)	(4,747)
Interest income	<u>6,846</u>	<u>5,347</u>
Total Other Income (Expense)	<u>6,686</u>	<u>529</u>
LOSS BEFORE INCOME TAX EXPENSE	(1,160,871)	(1,659,519)
Income tax benefit (expense)	<u>(59,830)</u>	<u>330,947</u>
NET LOSS	<u>\$ (1,220,701)</u>	<u>\$ (1,328,572)</u>
BASIC LOSS PER SHARE	<u>\$ (0.08)</u>	<u>\$ (0.08)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u>16,006,398</u>	<u>15,830,260</u>

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

OMNITEK ENGINEERING CORP.
Statements of Stockholders' Equity

	Common Stock		Additional Paid-in Capital	Accumulated Deficit
	Shares	Amount		
Balance, December 31, 2006	15,736,152	\$ 2,141,697	\$ 474,409	\$ (919,737)
Common stock issued for cash	109,818	103,779	-	-
Common stock issued for conversion of note payable	160,428	75,000	-	-
Value of options issued for services	-	-	1,225,728	-
Contributed Interest	-	-	1,200	-
Net loss for year ended December 31, 2007	-	-	-	(1,328,572)
Balance, December 31, 2007	16,006,398	2,320,476	1,701,337	(2,248,309)
Value of options issued for services	-	-	511,611	-
Value of warrants issued for services	-	-	721,000	-
Net loss for year ended December 31, 2008	-	-	-	(1,220,701)
Balance, December 31, 2008	16,006,398	\$ 2,320,476	\$ 2,933,948	\$ (3,469,010)

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

OMNITEK ENGINEERING CORP.
Statements of Cash Flows

	For the Years Ended December 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (1,220,701)	\$ (1,328,572)
Adjustments to reconcile net loss to net cash used by operating activities:		
Amortization and depreciation expense	130,107	136,676
Impairment of investments	-	71
Options and warrants granted	1,232,611	1,225,728
Contributed interest	-	1,200
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	39,266	(13,333)
(Increase) decrease in inventory	(272,185)	74,467
(Increase) decrease in deposits	(140,085)	72,563
(Increase) decrease in prepaid expenses	750	(3,251)
(Increase) decrease in deferred tax asset	59,030	(331,709)
Increase (decrease) in accounts payable and customer deposits	140,309	(73,975)
Increase in related party payable	57,294	72,537
Increase (decrease) in accrued expenses	20,332	-
Net Cash Provided (Used) by Operating Activities	46,728	(167,598)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(5,978)	(5,600)
Purchase of fixed assets	(2,721)	-
Net Cash (Used) by Investing Activities	(8,699)	(5,600)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	75,000
Payments on note payable – related party	(15,000)	-
Common stock issued for cash	-	103,779
Net Cash Provided (Used) by Financing Activities	(15,000)	178,779
NET INCREASE IN CASH	23,029	5,581
CASH AT BEGINNING OF YEAR	23,442	17,861
CASH AT END OF YEAR	\$ 46,471	\$ 23,442

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

OMNITEK ENGINEERING CORP.
Statements of Cash Flows (Continued)

	For the Years Ended December 31,	
	2008	2007
SUPPLEMENTAL CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest	\$ 160	\$ 4,747
Income taxes	\$ 800	\$ 762
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Stock issued for note payable	\$ -	\$ 75,000

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

OMNITEK ENGINEERING CORP.

Notes to the Financial Statements
December 31, 2008 and 2007

NOTE 1- ORGANIZATION AND BUSINESS ACTIVITY

Omnitek Engineering Corp.

Omnitek Engineering, Corp. (Omnitek) was incorporated on October 9, 2001 as a California corporation. Omnitek develops and supplies new natural gas engines, advanced engine management systems for gaseous fuels and is the manufacturer of a proprietary technology used to convert old or new diesel engines to operate on natural gas, propane or hydrogen. Omnitek began operations on October 10, 2001, and was a spin-off from Nology Engineering, Inc.

Performance Stores, Inc.

On May 23, 2002, Omnitek, along with Werner Funk, Kevin Schulties, Tom Moore and Gigi Ho formed a Nevada Corporation under the name of PerformanceDepot.com ("Performance"). Performance is an internet based E-commerce site. Performance was 40% owned by Omnitek and 45.3% owned by Werner Funk, president of Omnitek. In December 2003, Performance changed its corporate name to Performance Stores, Inc." As of August 31, 2004 the ownership by Omnitek changed from 40% down to 23%. As part of the change in accounting from a consolidation to an equity method, the company recognized a \$246,122 increase to additional paid in capital.

The minority interest value associated with Performance at December 31, 2004 was zero because the loss attributable to the minority interest shareholders exceeded the basis of the shareholders.

Pensare, Inc.

On November 3, 2006, Omnitek acquired Pensare, Inc., which included two technologies and their customer list with the issuance of 300,000 shares of the Company's common stock. Both technologies will be used on every new engine and diesel-to-natural gas conversion kit sold by the Company. Effective January 1, 2007, Pete Petersen, formerly president of Pensare, joined the Company as Vice President of Engineering. The Company believes that the acquisition is an integral part of implementing its business plan.

The acquisition of Pensare was accounted for as a purchase pursuant to *SFAS No. 141 Business Combinations* and was valued at the fair market value of the common stock issued for the acquisition. The 300,000 shares issued for the acquisition were valued at \$1.58 per share which was the last price the Company sold shares of common stock to outside investors in an arms length transaction. The total purchase price of \$474,000 was allocated \$82,000 to customer lists and \$392,000 to purchased technology relating to high pressure filters. The customer lists and purchased technology are being amortized on 2 year and 5 year terms, respectively. No amounts were allocated to goodwill. At the time of acquisition, Pensare had no other assets or liabilities.

OMNITEK ENGINEERING CORP.

Notes to the Financial Statements

December 31, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Methods

The Company's financial statements are prepared using the accrual method of accounting. The Company has elected a December 31, year-end.

b. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

c. Accounts Receivable

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

d. Basic Loss Per Share

The computations of basic loss per share of common stock are based on the weighted average number of common shares outstanding during the period of the financial statements. The diluted per share computation was not considered or presented due to being anti dilutive.

	<u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
Numerator - loss	\$ (1,220,701)	\$ (1,328,572)
Denominator - weighted average		
Number of shares outstanding	<u>16,006,398</u>	<u>15,830,260</u>
Loss per share	<u>\$ (0.08)</u>	<u>\$ (0.08)</u>

e. Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization are calculated on the straight-line method over the shorter of the lease term or the estimated useful lives of the assets ranging from three to five years.

f. Newly Issued Accounting Pronouncements

During the year ended December 31, 2008 the Company adopted the following accounting pronouncements, which had no impact on the financial statements or results of operation:

OMNITEK ENGINEERING CORP.

Notes to the Financial Statements

December 31, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Newly Issued Accounting Pronouncements (continued)

FIN No. 48 --In June 2006, the FASB issued Financial Interpretation No. (FIN) 48, “*Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement 109.*” FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. We believe that the adoption of FIN 48 will not have a material impact on our results of operations due to the ongoing net losses incurred by the Company, which will offset any taxable income that may arise.

SFAS No. 141(R) -- In December 2007, the FASS issued SFAS No. 141 (R), *Business Combinations*. SFAS 141(R) replaces SFAS No. 141, *Business Combinations*, but retains the requirement that the purchase method of accounting for acquisitions be used for all business combinations. SFAS 141 (R) expands on the disclosures previously required by SFAS 141, better defines the acquirer and the acquisition date in a business combination, and establishes principles for recognizing and measuring the assets acquired (including goodwill), the liabilities assumed and any non-controlling interests in the acquired business. SFAS 141 (R) also requires an acquirer to record an adjustment to income tax expense for changes in valuation allowances or uncertain tax positions related to acquire businesses. SFAS 141 (R) is effective for all business combinations with an acquisition date in the first annual period following December 15, 2008; early adoption is not permitted. We do not expect SFAS No. 141(R) to have a material impact on our results of operations, financial position, or cash flows.

SFAS No. 157 -- In September 2006, the FASB issued SFAS No. 157, “*Fair Value Measurements*,” that provides guidance for using fair value to measure assets and liabilities. Under SFAS 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. SFAS 157 establishes a fair value hierarchy that prioritizes the information used to develop the assumptions that market participants would use when pricing the asset or liability. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. In addition, SFAS 157 requires that fair value measurements be separately disclosed by level within the fair value hierarchy. This standard will be effective for financial statements issued for fiscal periods beginning after November 15, 2007 and interim periods within those fiscal years. The Company is currently evaluating the impact of applying the various provisions of SFAS 157.

SFAS 160 --In December 2007, the FASS issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51*. SFAS 160 requires that non-controlling (or minority) interests in subsidiaries be reported in the equity section of the company's balance sheet, rather than in a mezzanine section of the balance sheet between liabilities and equity. SFAS 160 also changes the manner in which the net income of the subsidiary is reported and disclosed in the controlling company's income statement. SFAS 160 also establishes guidelines for accounting for changes in ownership percentages and for deconsolidation. SFAS 160 is effective for financial statements for fiscal years beginning on or after December 1, 2008 and interim periods within those years; early adoption is not permitted. We do not expect SFAS 160 to have a material impact on our results of operations, financial position, or cash flows.

OMNITEK ENGINEERING CORP.

Notes to the Financial Statements

December 31, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Newly Issued Accounting Pronouncements (continued)

SFAS 161 -- In March 2008, the Financial Accounting Standards Board (FASB) issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities-an amendment of FASB Statement No. 133 ("SFAS No. 161 "). SFAS No. 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about how and why an entity uses derivative instruments, how the instruments are accounted for under SFAS No. 133 and its related interpretations, and how the instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. The guidance in SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008 (fiscal year 2009 for the Company). The Company is currently evaluating the potential impact of the adoption of SFAS No. 161 on its disclosures in the Company's financial statements.

SFAS 162 -- In May of 2008, the FASB issued Statement No. 162, *"The Hierarchy of Generally Accepted Accounting Principles."* This statement identifies literature established by the FASB as the source for accounting principles to be applied by entities which prepare financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States. This statement is effective 60 days following approval by the SEC of the Public Company Accounting Oversight Board amendments to AU Section 411, *"The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles."* This statement will require no changes in the Company's financial reporting practices.

SFAS 163 -- In May of 2008 the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 163, *"Accounting for Financial Guarantee Insurance - an interpretation of FASB Statement No. 60, Accounting and Reporting by Insurance Enterprises "*, This statement requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. This statement also clarifies how Statement 60 applies to financial guarantee insurance contracts. This statement is effective for fiscal years beginning after December 15, 2008. This statement has no effect on the Company's financial reporting at this time.

g. Provision for Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax assets are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. 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. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

OMNITEK ENGINEERING CORP.

Notes to the Financial Statements

December 31, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Provision for Taxes (Continued)

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

The Company adopted the provision on January 1, 2007. To the extent allowed by GAAP, we provide valuation allowances against the deferred tax assets for amounts when the realization is uncertain

The Company files income tax returns in the U.S. Federal jurisdiction, and the state of California. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2001.

The Company's policy is to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the period ended December 31, 2007, the Company did not recognize interest and penalties. .

The provision (benefit) for income taxes for the year ended December 31, 2008 and 2007 consists of the following:

	<u>2008</u>	<u>2007</u>
Federal:		
Current	\$ -	\$ -
Deferred	45,689	(258,399)
State:		
Current	800	800
Deferred	<u>13,341</u>	<u>(73,310)</u>
	<u>\$ 59,830</u>	<u>\$ (330,909)</u>

OMNITEK ENGINEERING CORP.

Notes to the Financial Statements

December 31, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Provision for Taxes (Continued)

Net deferred tax assets consist of the following components as of December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Deferred tax assets:		
NOL Carryover	\$ 125,420	\$ 236,050
Depreciation	74,860	97,212
R&D Carryforward	106,244	74,019
Related Party Accruals	96,800	98,003
Deferred tax liabilities:		
Depreciation	-	(42,930)
Valuation allowance	<u>-</u>	<u>-</u>
Net deferred tax asset	<u>\$ 403,324</u>	<u>\$ 462,354</u>

The income tax provision differs from the amount of income tax determined by applying the estimated U.S. federal and state income tax rates of 39% to pretax income from continuing operations for the year ended December 31, 2008 and 2007 due to the following:

	<u>2008</u>	<u>2007</u>
Book income	\$ (453,052)	\$ (663,808)
Meals & Entertainment	92	478
State Tax Deduction	(312)	(320)
Related Party Expense	38,338	38,191
Stock for Services	480,718	490,771
Depreciation	32,669	36,030
Research & Development Limitation	11,434	13,693
Allowance for Doubtful	2,648	10,350
NOL Carryover	<u>(111,735)</u>	<u>75,415</u>
Income Tax Expense	<u>\$ 800</u>	<u>\$ 800</u>

h. 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.

OMNITEK ENGINEERING CORP.

Notes to the Financial Statements

December 31, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. During the year ended December 31, 2008 and 2007, the Company expensed \$31,149 and \$37,246, respectively.

j. Revenue Recognition

The Company recognizes revenue from the sale of new engines for use with compressed natural gas and engine components to convert existing engines to compressed natural gas use. Revenue is recognized upon shipment of the products, and when collection is reasonably assured.

k. Concentration of Risks

Customers

During the year ended December 31, 2008, four customers accounted for approximately 57% of sales. For the year ended December 31, 2007, ten customers accounted for approximately 63% of sales.

Suppliers

During the year ended December 31, 2008, one supplier accounted for 18% of products purchased.

l. Technology Development and Website Designs

The costs of computer software developed or obtained for internal use, during the preliminary project phase, as defined under Statement of Position 98-1 "Accounting for the Costs of Computer Software Developed or obtained for Internal use", are expensed as incurred. The costs of website development, during the planning stage, as defined under Emerging Issues Task Force No. 00-2 "Accounting for Web Site Development Costs", are expensed as incurred. Computer software and website development costs incurred during the application and infrastructure development stage, including external direct costs of materials and services consumed in developing software, creating graphics and website content, payroll, and interest costs, are capitalized and amortized over the estimated useful life, beginning when the software is ready for use and after all substantial testing is completed and the website is operational.

m. Long – Lived Assets

The Company assesses the recoverability of its long lived assets annually and when ever circumstances would indicate that there may be an impairment. The Company compares the estimated undiscounted future cash flows to the carrying value of the long lived assets to determine if impairment has occurred. In the event that an impairment has occurred, the Company will recognize the impairment immediately.

OMNITEK ENGINEERING CORP.

Notes to the Financial Statements

December 31, 2008 and 2007

NOTE 3 - INVENTORY

Inventory is stated at the lower of cost or market. The Company's inventory consists of finished goods and raw material and is located in San Marcos, California and Bayswater, Australia.

<u>Location</u>	<u>Amount</u>
San Marcos, CA	
Raw materials	\$ 1,188,199
Finished goods	468,355
Bayswater, Australia (raw material)	6,341
Allowance for obsolete inventory	<u>(223,803)</u>
Total	<u>\$ 1,439,092</u>

The Company has established an allowance for obsolete inventory. Expense for obsolete inventory was \$98,303 and \$30,811, for the years ended December 31, 2008 and 2007, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2008 consisted of the following:

Research and Development Equipment	\$ 39,684
Tooling Equipment	22,453
Computer Equipment	2,721
Less accumulated depreciation	<u>(41,192)</u>
Total	<u>\$ 23,666</u>

Depreciation expense for the years ended December 31, 2008 and 2007 was \$12,182 and \$12,700, respectively.

NOTE 5 - INTELLECTUAL PROPERTY

The Companies patents and trademarks at December 31, 2008 was as follows:

Patents	\$ 43,195
Trademarks	1,920
Intellectual property and customer list	474,000
Less accumulated amortization	<u>(276,273)</u>
Total	<u>\$ 242,842</u>

Amortization expense for the years ended December 31, 2008 and 2007 was \$117,925 and \$123,976, respectively.

NOTE 6 - CUSTOMER DEPOSITS

The Company may require a customer deposit from international customers. As of December 31, 2008 the Company had customer deposits of \$95,362.

OMNITEK ENGINEERING CORP.

Notes to the Financial Statements
December 31, 2008 and 2007

NOTE 7 - RELATED PARTY TRANSACTIONS

Accounts Receivable – Related Party

On November 1, 2007, the Company acquired a 15% interest in Omnitek Engineering Thailand Co. Ltd. in exchange for use of the Company's name and logo. As of December 31, 2008, \$7,043 was due from the related party.

Note Receivable

At December 31, 2005, the Company had a note receivable from Performance Stores in the amount of \$112,474 consisting of the following: \$100,000 note and accrued interest of \$12,474. The note receivable is considered a related party transaction based on common management. The Company fully impaired the note and accrued interest during the year ended December 31, 2005. Accrued interest on the note in the amount of \$10,274 was paid during 2007.

Accrued Expenses – Related Parties

During the year ended December 31, 2008, related parties were due amounts for services performed for the Company. As of December 31, 2008 the related parties' payables consisted of the following:

Amounts due to the President	\$	252,734
Amounts due to other officers of the company		<u>46,250</u>
Total	\$	<u>298,984</u>

NOTE 8 – STOCKHOLDERS' EQUITY

During the year ended December 31, 2008, the Company granted 450,000 warrants to consultants to purchase common stock in the Company for services. The Company recognized an expense of \$721,000 related to the warrants issued during the year as well \$511,611 options that vested during the year pursuant to FAS 123(R).

LONG-TERM INCENTIVE PLAN – In April 2007, the Company's shareholders approved its 2006 Long-Term Incentive Plan ("the Plan"). Under the plan, the Company may issue up to 10,000,000 shares of both Incentive Stock Options to employees only and Non-Qualified Stock Options to employees and consultants at its discretion. As of December 31, 2007 the Company issued 4,920,000 options under the plan.

OMNITEK ENGINEERING CORP.

Notes to the Financial Statements

December 31, 2008 and 2007

NOTE 8 - EQUITY ACTIVITY (Continued)

A summary of the status of the options and warrants granted at December 31, 2008 and 2007, and changes during the years then ended is presented below.

	For the years ended December 31,			
	2008		2007	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	4,920,000	.59	-	-
Granted	450,000	.24	4,920,000	.59
Exercised	-	-	-	-
Expired or cancelled	-	-	-	-
Outstanding at end of period	<u>5,370,000</u>	<u>.51</u>	<u>4,920,000</u>	<u>.59</u>
Exercisable	<u>3,253,334</u>	<u>.39</u>	<u>1,983,334</u>	<u>.41</u>

A summary of the status of the options and warrants outstanding at December 31, 2008 is presented below:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
\$.01-.50	2,250,000	3.1 years	\$ 0.16	1,650,000	\$ 0.11
.51-.74	1,060,000	5.8 years	0.58	1,060,000	0.58
.75-1.00	2,060,000	5.6 years	0.86	543,334	0.80
\$.01-1.00	<u>5,370,000</u>	5.2 years	\$ 0.51	<u>3,253,334</u>	\$ 0.39

The fair value of each option granted is estimated on the date granted using the Black-Scholes pricing model, with the following assumptions used for the grants: risk-free interest rate of between 2.03% and 3.35%, expected dividend yield of zero, expected lives of one to seven years and expected volatility of between 60% and 130.3%.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There has been no change of the independent auditors of the Company and there are no disagreements with such independent auditors.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS

Identification of directors and executive officers

Our current directors and executive officers are as follows:

<u>Name</u>	<u>Age</u>	<u>Position with the Company</u>
Werner Funk	51	President, Chief Operating Officer and a director
Janice M. Quigley	61	Chief Financial Officer and Director
John G. Reed MD	48	Director

Term of Office

All of our directors hold office until the next annual general meeting of the shareholders or until their successors are elected and qualified. Our officers are appointed by our Board of Directors and hold office until their earlier death, retirement, resignation or removal.

Background and Business Experience

The business experience during the past five years of each of the persons presently listed above as an Officer or Director of the Company is as follows:

Werner Funk – Mr. Funk was born in Germany and has been a Director and the CEO from Omnitek's formation in May of 2001. Mr. Funk has over 26 years experience in international business, manufacturing, engineering, marketing and internet commerce. He is responsible for management, marketing and new product design. His extensive knowledge of technology, marketing and international business has been largely responsible for the Company's growth and international market penetration. Mr. Funk was educated in Germany where he attended high school and vocational college for automotive technology, where he graduated with honors receiving a bachelor degree in automotive technology. While living in Germany, he worked for Mercedes-Benz and was assistant crew chief of a Porsche factory sponsored racing team. Mr. Funk moved to the United States in 1978, where upon he started several successful businesses including Nology Engineering Inc., a California Corporation, which designs, manufactures and markets automotive products for the performance aftermarket, and Performance Stores a Nevada Corporation, which is a leading internet based e-commerce site selling automotive performance parts. Mr. Funk is currently the CEO of Omnitek, Nology and Performance Stores. Mr. Funk is also the inventor of 7 patents and pending patents.

Janice M. Quigley – Mrs. Quigley has been CFO of Omnitek since 2003 and is responsible for the financial reporting and personnel management of the Company. Mrs. Quigley, a native of San Francisco, California, worked in the electronics industry for 27 years prior to relocating to San Diego in 1992. Ms. Quigley joined Advantage Lift Systems, Inc. (a manufacturer of heavy-duty vehicle hoists) in 1993 as controller. She was promoted to Chief Financial Officer in 1997 when the company acquired Globe Lifts (a manufacturer of light-duty vehicle hoists). She remained in this position until October of 2000 when the company was sold. Mrs. Quigley is also the CFO for Nology Engineering, Inc.

John G. Reed MD - Dr. Reed is an outside Director of Omnitek and is actively involved in project evaluation and the development of marketing concepts. His knowledge of engines and engine management systems, as well as his experience in mergers and acquisition activities, makes an important contribution to Management. Dr.

Reed graduated from the University of California and holds dual Bachelors of Science degrees in Microbiology and Immunology, as well as a Bachelors degree in Public Health. He received his Doctorate of Medicine from the University of California, San Diego.

Directorships

No Director of the Company or person nominated or chosen to become a Director holds any other directorship in any company with a class of securities registered pursuant to section 12 of the Exchange Act or subject to the requirements of section 15(d) of such Act or any other company registered as an investment company under the Investment Company Act of 1940.

Other Board Memberships and Affiliations

Werner Funk, the President and CEO of Omnitek, is the principal shareholder and the President, CEO, Secretary and a Director of Nology Engineering, Inc., a non-public California corporation that designs, manufactures and markets automotive products for the performance aftermarket. Mr. Funk is also a shareholder, the President, CEO, Secretary and a Director of Performance Stores, Inc., a Nevada corporation, which is an internet based e-commerce site selling automotive performance parts.

Jan Quigley, the CFO of Omnitek, also serves as the CFO and a Director of Nology Engineering, Inc.

Family Relationships

There are no family relationships between any directors or executive officers of the Company, either by blood or by marriage.

Involvement in Certain Legal Proceedings

During the past five years, no present or former director, executive officer or person nominated to become a director or an executive officer of the Company:

- (1) was a general partner or executive officer of any business against which any bankruptcy petition was filed, either at the time of the bankruptcy or two years prior to that time;
- (2) was convicted in a criminal proceeding or named subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- (3) was subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or
- (4) was found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a Federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Other Officers and Key Employees

Pete Petersen – Mr. Petersen is the Vice President of Engineering at Omnitek and he holds a BS degree in Aeronautical Engineering from California Polytechnic State University, San Luis Obispo. Mr. Petersen is an experienced engineering manager and development engineer, having spent 20 years in the field of development, testing and calibration of electronically controlled gaseous fuel injection and metering systems. As such, Mr. Petersen possesses intimate knowledge of fuel system and engine design, electronic engine control systems and CNG specific control algorithms; Mr. Petersen is uniquely qualified to participate in the development of alternate fuel systems. Mr. Petersen was a founder of Pensare Inc., which worked primarily on the development of CNG fuel injection systems for both stationary and mobile applications. Pensare Inc. was awarded a project from Fairbanks Morse to develop the new electronic fuel system. The system was demonstrated and deemed successful as a new

low emission benchmark was achieved for the family of engines. Pensare was acquired by Omnitek November 2006.

ITEM 11. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Compensation of Directors and Officers

The following table sets forth the aggregate compensation paid by the Company for services rendered by the Directors, Officers and principal employees, during the periods indicated:

Summary Compensation Table

Name and Principal Position	Year or Period Ended	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Awards (#)	Awards Underlying Securities Options/SAR's (#)	LTIP Payouts (\$)	Payouts All Other Compensation (\$)
Werner Funk ⁽¹⁾	2008	\$100,000	\$0	\$0	0	0	0	0
President, CEO, Secretary and Director	2007	\$78,412	\$0	\$0	2,000,000	0	0	0
	2006	\$60,000	\$0	\$0	0	0	0	0
Jan M. Quigley ⁽²⁾	2008	\$60,000	\$0	\$0	0	0	0	0
CFO and Director	2007	\$26,250	\$0	\$0	600,000	0	0	0
	2006	\$19,500	\$0	\$0	0	0	0	0
Pete Petersen ⁽³⁾	2008	\$85,853	\$0	\$0	0	0	0	0
Vice President Of Engineering	2007	\$75,000	\$0	\$0	1,200,000	0	0	0
	2006	\$0	\$0	\$0	0	0	0	0
John G. Reed ⁽⁴⁾	2008	\$0	\$0	\$0	0	0	0	0
Director	2007	\$0	\$0	\$0	20,000	0	0	0
	2006	\$0	\$0	\$7,900	0	0	0	0

⁽¹⁾ Mr. Funk's salary was accrued for part of 2008 and all of the prior years. Total amount of accrued salary owed to Mr. Funk at end of fiscal year 2008 was \$252,734.

⁽²⁾ Mrs. Quigley's salary was accrued for part of 2008 and all of the prior years. Total amount of accrued salary owed to Mrs. Quigley at end of fiscal year 2008 was \$46,250.

⁽³⁾ Mr. Petersen became an employee of the Company on January 1, 2007.

⁽⁴⁾ Mr. Reed received shares of common stock in lieu of cash for his past services rendered to the Company as a Director. The shares of common stock were issued on August 17, 2006.

Employment Contracts

On November 1, 2007, the Company entered into a five-year employment agreement with Werner Funk retaining him as the President and CEO. Under the terms of the agreement Mr. Funk shall receive an annual base salary of \$100,000 which is subject to annual review by the Board of Directors and/or the Compensation Committee of the Company. Mr. Funk has agreed that 50% of his salary shall be deferred for a period of 12 months at which time it will be due and payable. Mr. Funk was also granted a stock option to purchase an aggregate of 1,000,000 (i.e. 2,000,000 post split adjusted) shares of the Company's common stock at a variable exercise price set forth as follows: An exercise price of \$1.05 (i.e. \$0.525 post split adjusted) during the first year; an exercise price of \$1.25 (i.e. \$0.625 post split adjusted) during the second year; an exercise price of \$1.50 (i.e. \$0.75 post split adjusted) during the third year; and exercise price of \$1.75 (i.e. \$0.875 post split adjusted) during the fourth year; and an exercise price of \$2.00 (i.e. \$1.00) post split adjusted) during the fifth and final year. One-sixtieth (1/60) of the

Options shall vest and become exercisable at the end of each month after the effective date, with 20% of the Options vested immediately. Mr. Funk may receive other benefits, which include medical insurance.

On November 1, 2007, the Company entered into a five-year employment agreement with Jan Quigley retaining Mrs. Quigley as the Chief Financial Officer. Under the terms of the agreement Mrs. Quigley shall receive an annual base salary of \$60,000 which is subject to annual review by the Board of Directors and/or the Compensation Committee of the Company. Mrs. Quigley has agreed that 50% of her salary shall be deferred for a period of 12 months at which time it will be due and payable. Mrs. Quigley was also granted a stock option to purchase an aggregate of 300,000 (i.e. 600,000 post split adjusted) shares of the Company's common stock at a variable exercise price set forth as follows: An exercise price of \$1.05 (i.e. \$0.525 post split adjusted) during the first year; an exercise price of \$1.25 (i.e. \$0.625 post split adjusted) during the second year; an exercise price of \$1.50 (i.e. \$0.75 post split adjusted) during the third year; and exercise price of \$1.75 (i.e. \$0.875 post split adjusted) during the fourth year; and an exercise price of \$2.00 (i.e. \$1.00) post split adjusted) during the fifth and final year. One-sixtieth (1/60) of the Options shall vest and become exercisable at the end of each month after the effective date, with 20% of the Options vested immediately. Mrs. Quigley may receive other benefits, which include medical insurance.

In November 2006, the Company entered into a four-year employment agreement with Pete Petersen retaining him as the Vice President of Engineering. The agreement runs November 3, 2006 through November 2, 2010 unless otherwise terminated by the mutual agreement of the Company and Mr. Petersen. Under the terms of the agreement Mr. Petersen shall receive an annual base salary of \$78,000 which is subject to annual review by the Board of Directors and/or the Compensation Committee of the Company. The base salary was increased to \$100,000 August 2008. Mr. Petersen was also granted a stock option to purchase an aggregate of 300,000 (i.e. 1,200,000 post split adjusted) shares of the Company's common stock at a variable exercise price set forth as follows: exercise price of \$1.58125 (i.e. \$0.790625 post split adjusted) during the first year; exercise price of \$1.70 (i.e. \$0.85 post split adjusted) during the second year; exercise price of \$1.80 (i.e. \$0.90 post split adjusted) during the third year; exercise price of \$1.90 (i.e. \$0.95 post split adjusted) during the fourth year; and, exercise price of \$2.00 (i.e. \$1.00) post split adjusted) during the fifth and final year. These Options shall vest and be exercisable in one quarter increments over four years starting from date of grant as follows: 25% on January 1, 2007, 25% on January 1, 2008, 25% on January 1, 2009, 25% on January 1, 2009, so that all shares subject to the Options will be fully vested on the fourth anniversary of the Date of Grant. Mr. Petersen may receive other benefits, which include medical insurance.

Stock Options

On September 1, 2006, the Board of Directors adopted the Omnitek Engineering Corp. 2006 Long-term Incentive Plan (the "2006 Plan"), under which 1,000,000 shares of Company's Common Stock were reserved for issuance by the company to attract and retain employees and directors of the Company and to provide such persons with incentives and awards for superior performance and providing services to the Company. The 2006 Plan is administered by a committee comprised of the Board of Directors of the Company or appointed by the Board of Directors, which has broad flexibility in designing stock-based incentives. The Board of Directors determines the number of shares granted and the option exercise price, pursuant to the terms of the Plan. On November 30, 2007, the Board of Directors authorized the increase of shares available under the 2006 Plan to 5,000,000 (i.e. 10,000,000 post split adjusted).

On January 1, 2007, the Company granted Pete Peterson an option to purchase 300,000 (i.e. 1,200,000 post split adjusted) shares of common stock. These options are exercisable at a variable exercise price set forth as follows: exercise price of \$1.58125 (i.e. \$0.790625 post split adjusted) during the first year; exercise price of \$1.70 (i.e. \$0.85 post split adjusted) during the second year; exercise price of \$1.80 (i.e. \$0.90 post split adjusted) during the third year; exercise price of \$1.90 (i.e. \$0.95 post split adjusted) during the fourth year; and, exercise price of \$2.00 (i.e. \$1.00 post split adjusted) during the fifth and final year. These Options shall vest and be exercisable in one quarter increments over four years starting from date of grant as follows: 25% on January 1, 2007, 25% on January 1, 2008, 25% on January 1, 2009, 25% on January 1, 2009, so that all shares subject to the Options will be fully vested on the fourth anniversary of the Date of Grant.

Option Grants Table

The following table provides shares to be issued pursuant to compensation plans, as of the end of the fiscal year December 31, 2008.

Equity Compensation Plan Information			
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	5,370,000	\$0.51	4,630,000
Equity compensation plans not approved by security holders	0	0	0
Total	5,370,000	\$0.51	4,630,000

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following table sets forth the amount and nature of beneficial ownership as of December 31, 2008 of any person known to the Company to be the beneficial owner of five percent (5%) or more of the Company's voting stock.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Ownership	Percent of Class
Common Stock	Werner Funk Trust UDT 9/25/07 904 Camino Del Arroyo Dr. Lake San Marcos, CA 92078	9,121,132 ⁽¹⁾	56.98%
Common Stock	Garber Family Trust U/D/T 07/30/1992 J.D. Garber and C.C. Garber 78-166 Bovee Circle Palm Dessert, CA 92211	3,112,688	19.44%
Common Stock	Peter W. Petersen 7020 Goldenrod Way Carlsbad, CA 92011	2,100,000 ⁽²⁾	13.12%

⁽¹⁾ This amount includes currently vested options to purchase 600,000 shares of Common Stock

⁽²⁾ This amount includes currently vested options to purchase 900,000 shares of Common Stock

Security Ownership of Management

The following table sets forth the amount and nature of beneficial ownership of any class of the Company's voting securities of all of the Company's current directors and executive officers, as of the close of business on December 31, 2008.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Ownership	Percent of Class
Common Stock	Werner Funk Trust UDT 9/25/07 904 Camino Del Arroyo Dr. Lake San Marcos, CA 92078	9,121,132 ⁽¹⁾	56.98%
Common Stock	Janice M. Quigley 2023 Rancho Corte Vista, CA 92084	360,000 ⁽²⁾	2.25%
Common Stock	John G. Reed 1326 Rainbow Lane Encinitas, CA 92024	99,364 ⁽³⁾	0.62%
Common Stock	Directors and Executive Officers as a Group (3 persons)	9,580,496	59.85%

⁽¹⁾ This amount includes currently vested options to purchase 400,000 shares of Common Stock

⁽²⁾ This amount includes currently vested options to purchase 120,000 shares of Common Stock

⁽³⁾ This amount includes currently vested options to purchase 20,000 shares of Common Stock

Changes in Control

To the best of our knowledge there are no present arrangements or pledges of the Company's securities, which may result in a change in control.

Section 16(a) Compliance

Section 16(a) of the Securities and Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own beneficially more than ten percent (10%) of the Common stock of the Company to file reports of ownership and changes of ownership with the Securities and Exchange Commission. Copies of all filed reports are required to be furnished to the Company pursuant to Section 16(a). At the present time the Company is not subject to Section 16, and therefore, the directors and officers and shareholders who own ten percent (10%) of the common stock of the Company are not required to file any reports under Section 16.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Other Recent Transactions

On January 1, 2007, the Company issued a Non-qualified stock option to Pete Peterson to purchase 1,200,000 (post forward split adjusted) shares of common stock at an initial post forward split adjusted exercise price of \$0.395 per share. Such option was issued pursuant to the Omnitek Engineering Corp. 2006 Long-Term Incentive Plan, as amended. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Section 4(2) of the Securities Act of 1933.

On April 2, 2007, the Company issued a Non-qualified stock option to Securities Compliance Control, LLC, to purchase 400,000 (post forward split adjusted) shares of common stock at post forward split adjusted

exercise price of \$0.75 per share, for consulting and advisory services rendered to the Company. Such option was issued pursuant to the Omnitek Engineering Corp. 2006 Long-Term Incentive Plan, as amended. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Section 4(2) of the Securities Act of 1933.

On April 2, 2007, the Company issued a Non-qualified stock option to Securities Compliance Control, LLC, to purchase 300,000 (post forward split adjusted) shares of common stock at post forward split adjusted exercise price of \$0.125 per share, for consulting and advisory services rendered to the Company. Such option was issued pursuant to the Omnitek Engineering Corp. 2006 Long-Term Incentive Plan, as amended. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Section 4(2) of the Securities Act of 1933. This Option has been assigned and is held by Lewis Kurtz.

On June 13, 2007, the Company issued a Non-qualified stock option to John Reed, a Director of the Company, to 20,000 (post forward split adjusted) shares of common stock at a post forward split adjusted exercise price of \$0.68 per share. Such option is being issued pursuant to the terms of the Omnitek Engineering Corp. 2006 Long-Term Incentive Plan, as amended. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Section 4(2) of the Securities Act of 1933.

On June 14, 2007, the Company issued 29,682 restricted shares of common stock to the John Reed MD 401K Plan in consideration of the capital contribution of \$56,100. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933.

On June 14, 2007, the Company issued 13,227 restricted shares of common stock to Mario S. Yeo in consideration of the capital contribution of \$24,999. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933.

On July 2, 2007, the Company issued 2,000 restricted shares of common stock to Morgan T. Jones III and Ronna S. Reed, as JTWROS, in consideration of the capital contribution of \$3,780. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933.

On September 5, 2007, the Company issued 5,000 restricted shares of common stock to the 1992 Sheline Family Trust U/D/T 11/23/92 in consideration of the capital contribution of \$9,450. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933.

On September 5, 2007, the Company issued 5,000 restricted shares of common stock to TD Ameritrade Custodian FBO Raymond K. Sheline SEP in consideration of the capital contribution of \$9,450. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933.

On September 18, 2007, the Company issued a Non-qualified stock option to Lewis Kurtz to purchase 400,000 (post forward split adjusted) shares of common stock at post forward split adjusted exercise price of \$0.125 per share, for consulting and advisory services rendered to the Company. Such option was issued pursuant to the Omnitek Engineering Corp. 2006 Long-Term Incentive Plan, as amended. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Section 4(2) of the Securities Act of 1933.

On October 17, 2007, the Company issued 80,214 restricted shares of common stock to the Garber Family Trust in consideration of the capital contribution of \$75,000 through the conversion of the unpaid principal due under that certain promissory Note dated March 16, 2007. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933.

On November 8, 2007, the Company issued an Incentive Stock Option to Werner Funk, the President and CEO of the Company, to purchase 2,000,000 (post forward split adjusted) shares of common stock at an initial post forward split adjusted exercise price of \$0.525 per share, for services rendered to the Company. Such option was issued pursuant to the terms of the Omnitek Engineering Corp. 2006 Long-Term Incentive Plan, as amended. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Section 4(2) of the Securities Act of 1933.

On November 8, 2007, the Company issued an Incentive Stock Option to Jan Quigley, the CFO of the Company, to purchase 600,000 (post forward split adjusted) shares of common stock at an initial post forward split adjusted exercise price of \$0.525 per share, for services rendered to the Company. Such option was issued pursuant to the terms of the Omnitek Engineering Corp. 2006 Long-Term Incentive Plan, as amended. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Section 4(2) of the Securities Act of 1933.

On May 31, 2008, the Company issued a Warrant to Frank Rose to purchase 100,000 shares of common stock at an exercise price of \$1.00 per share, for services rendered to the Company. The warrant can be exercised for three years. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Section 4(2) of the Securities Act of 1933.

On August 15, 2008, the Company issued a Warrant to Merriman Curhan Ford & Co. to purchase 300,000 shares of common stock at an exercise price of \$0.01 per share, which Warrant shall become effective at such time as the Company's common stock is listed on the OTCQX. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Section 4(2) of the Securities Act of 1933.

On September 8, 2008, the Company issued a Warrant to George G. Chachas to purchase 50,000 shares of common stock at an exercise price of \$0.125 per share, for services rendered to the Company. No underwriters were used. The securities were issued pursuant to an exemption from registration provided under Section 4(2) of the Securities Act of 1933.

With the exception of the above, we have not been a party to any transactions between persons who were executive officers, directors, or principal stockholders of our corporation during the fiscal year ended December 31, 2008 and including the recent events of 2009.

ITEM 14. SUPPLEMENTARY DATA

Independent Public Accountants

The Company's independent accountants for the fiscal year ended December 31, 2008 and 2007 were HJ & Associates, LLC of Salt Lake City, Utah, who have served as the Company's independent accountants since 2002.

Audit Fees

During the fiscal year ended December 31, 2008 and 2007, the aggregate fees billed by HJ & Associates LLC, for services rendered for the audit of the Company's annual financial statements was \$20,757 and \$20,638, respectively.

Shareholder E-mail Information Request

In order to enable us to communicate important events to you on a timelier basis and save us the significant cost of mailing, we request that you provide us your e-mail address on the form enclosed.

Other Professionals

The Company's Transfer Agent is Colonial Stock Transfer Co., Inc. located at 66 Exchange Place, Salt Lake City, UT 84111, Telephone: (801) 355-5740 and Facsimile: (801) 355-6505

The Company's Designated Adviser for Disclosure (DAD) is Merriman Curhan Ford & Co. located at 600 California Street, 9th Floor, San Francisco, CA 94108, Telephone: (415) 248-5678 and Facsimile: (415) 248-5690

The Company corporate counsel is the Chachas Law Group P.C. located at 2445 Fifth Avenue, Suite 440, San Diego, CA 92101. Telephone: (619) 239-2900 and Facsimile (619) 239-2990

The Company currently does not utilize the services of any promoter, public relations consultant, investor relations consultant, or any other advisor at this time.

Additional Information

A copy of the Company's Amended and Restated Articles of Incorporation, incorporated by reference to our Initial Company Information and Disclosure Statement filed with the OTCQX on October 10, 2008.

A copy of the Company's Amended and Restated By-laws, as amended, incorporated by reference to our Initial Company Information and Disclosure Statement filed with the OTCQX on October 10, 2008.

Issuer Certifications

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: March 31, 2009

By: Werner Funk
Its: President and CEO