



Form 10QSB

ULTITEK LTD - UITK

Filed: August 10, 2007 (period: June 30, 2007)

Quarterly report filed by small businesses

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-QSB

(Mark One)

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

For the quarterly period ended **June 30, 2007**

OR

TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **000-51819**

ULTITEK, LTD.

(Exact Name of Registrant as Specified in Its Charter)

Nevada

(State of Other Jurisdiction of
Incorporation or Organization)

20-2556241

(I.R.S. Employer
Identification Number)

**560 Sylvan Avenue
Englewood Cliffs, NJ**

(Address of Principal Executive Offices)

07632

(Zip Code)

(201) 541-1700

(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. There were 87,381,933 shares of common stock, par value \$0.0001 per share, issued and outstanding as of August 10, 2007.

Transitional Small Business Disclosure Format (check one): Yes No

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

ULTITEK, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<u>June 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash	14,311	6,900
Accounts receivable	457,770	380,698
Work in progress	421,895	502,152
Prepaid expenses		43,574
Total Current Assets	893,976	933,324
OFFICE EQUIPMENT, net of accumulated depreciation of \$68,290 and \$62,831, respectively	120,920	141,611
Other Assets	7,000	7,000
Total Assets	1,021,896	1,081,935
LIABILITIES AND STOCKHOLDER'S DEFICIT		
CURRENT LIABILITIES		
Note payable to individual	145,000	30,000
Accounts payable	284,527	353,881
Deferred revenue	698,321	564,272
Accrued salaries and related taxes	38,481	39,336
Accrued expenses-other	301,078	83,458
Total Current Liabilities	1,467,407	1,070,947
7% CONVERTIBLE DEBENTURE	350,931	336,719
STOCKHOLDER'S DEFICIT		
Preferred stock, par value \$0.001, authorized 100,000,000 shares, none issued and outstanding		
Common stock, par value \$0.0001, authorized 1,000,000,000 shares, issued and outstanding 93,448,709 and 74,277,083 at June 30, 2007 and December 31, 2006, respectively	9,345	7,428
Additional paid in capital	8,958,922	8,109,839
Accumulated deficit	(9,784,491)	(8,437,806)
Accumulated and comprehensive income (loss)	19,782	(5,192)
Total Stockholder's Deficit	(796,442)	(325,731)
	1,021,896	1,081,935

See accompanying notes to consolidated financial statements.

ULTITEK, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
	(Restated)		(Restated)	
Revenues	\$ 686,293	\$ 368,047	\$ 1,277,044	\$ 825,253
Costs and expenses:				
Cost of revenues	648,680	271,009	1,202,285	708,599
Selling, general and administrative Expenses	833,192	1,287,251	1,034,118	6,205,588
Research and development expenses	190,000	28,750	340,000	51,250
Interest Expense	19,526	433,479	38,428	587,204
Depreciation	3,123	3,635	5,459	7,401
Total Costs and Expenses	1,694,521	2,024,124	2,620,290	7,560,042
NET INCOME (LOSS) BEFORE TAXES	(1,008,228)	(1,656,077)	(1,343,246)	(6,734,789)
PROVISION FOR INCOME TAXES	2,066	914	3,439	5,605
NET INCOME (LOSS)	\$ (1,010,294)	\$ (1,656,991)	\$ (1,346,685)	\$ (6,740,394)
NET LOSS PER COMMON SHARE (Basic and Diluted)	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.10)
WEIGHTED AVERAGE SHARES OUTSTANDING (Basic and diluted)	82,086,219	70,817,925	78,396,762	67,960,003

See accompanying notes to consolidated financial statements.

ULTITEK, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Six Months Ended June 30,	
	2007	2006 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (1,346,685)	\$ (6,740,394)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	5,459	7,401
Stock based compensation	782,000	5,722,651
Interest Expense		573,783
Legal and professional expense	95,450	168,000
Amortization of discount	14,212	4,549
Changes in assets and liabilities:		
Increase in accounts receivable	(77,072)	(186,471)
(Increase) decrease in work in progress	80,257	(14,429)
(Increase) decrease in prepaid expenses	7,124	(97,237)
Increase (decrease) in accounts payable	(69,354)	173,985
Increase in deferred revenue	134,049	-
Increase (decrease) in accrued salaries and related taxes	(855)	27,377
Increase in accrued income taxes		2,223
Increase in accrued expenses -other	227,620	7,431
Net cash used in operating activities	(147,795)	(351,131)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of office equipment	15,232	
Purchase of office equipment		(11,475)
Net cash used in investing activities	15,232	(11,475)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of 7% convertible debenture		570,000
Note payable to individual- proceeds	115,000	
Stock subscription receivable		450
Net cash provided by financing activities	115,000	570,450
EFFECT OF EXCHANGE RATE ON CASH	24,974	330
INCREASE IN CASH	7,411	208,174
CASH AT BEGINNING OF PERIOD	6,900	60,324
CASH AT END OF PERIOD	\$ 14,311	\$ 268,498

See accompanying notes to consolidated financial statements.

ULTITEK, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

For the Six Months Ended
June 30,

2007

2006

(Restated)

SUPPLEMENTAL CASH FLOW DISCLOSURES

Non-cash transactions:

Issuance of 1,970,026 shares of common stock as stock based compensation	200,000	
Issuance of 500,000 shares of common stock for legal services	55,000	
Issuance of 1,214,778 shares as stock based compensation		200,000
Exercise of warrants for 15,000,000 shares of common stock at \$0.02 per share	300,000	
Cancellation of 3,750,000 shares of common stock at \$0.08 per share in payment of cashless warrant exercise	300,000	
Issuance of 5,741,600 shares of common as stock as stock based compensation	596,000	
Issuance of 12,000,000 shares of common as stock as stock based compensation		3,000,000
Issuance of 2,000,000 shares of common as stock for legal services		500,000
Fair value of options and warrants issued		2,022,651
fair value of warrants associated with 7% convertible debenture		251,283
Beneficial conversion features related to convertible debentures		573,783

See accompanying notes to consolidated financial statements.

ULTITEK, LTD. AND SUBSIDIARIES
NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2007

NOTE A - BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary in order to make the financial statements not misleading have been included. Results for the three and six months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. For further information, refer to the financial statements and footnotes thereto included in the Ultitek, LTD. and Subsidiaries annual report on Form 10KSB for the year ended December 31, 2006.

NOTE B- GOING CONCERN

As shown in the accompanying financial statements, the Company has incurred a net loss of \$1,346,685 in the six months ended June 30, 2007 and had a stockholders' deficit of \$796,442 at June 30, 2007. Management's plans include the raising of capital through the equity markets to fund future operations, seeking additional acquisitions, and generating of revenue through its business. Additionally, even if the Company does raise sufficient capital to support its operating expenses and generate adequate revenues, there can be no assurances that the revenue will be sufficient to enable it to develop business to a level where it will generate profits and cash flows from operations. These matters raise substantial doubt about the Company's ability to continue as a going concern. However, the accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE C - STOCKHOLDERS' DEFICIT

During the six months ended June 30, 2007, the Company recorded \$200,000 in consulting fees and has included in shares outstanding an additional 1,970,026 shares of common stock. To date, the shares have not been issued.

On March 23, 2007, the Company filed with the SEC a Registration Statement on Form S-8 therein registering 7,000,000 shares of common stock underlying awards granted or available for grant under the Company's 2007 Incentive Compensation Plan with a maximum offering price of \$0.10.

On April 5, 2007, the Company approved and issued 3,000,000 restricted shares of common stock to a consultant of the Company at \$0.11 per share and 500,000 shares of S-8 stock for legal services at \$0.11 per share

On April 24, 2007, the Company approved and issued an aggregate of 1,041,600 restricted shares of common stock to three consultants at \$0.14 per share and 100,000 shares of S-8 stock at \$0.14 per share to a fourth consultant of the Company.

ULTITEK, LTD. AND SUBSIDIARIES
NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2007

NOTE C - STOCKHOLDERS' DEFICIT (CONTINUED)

On June 1, 2007, the President of the Company exercised warrants to purchase 15,000,000 shares of the Company's common stock at \$0.02. The exercise was treated as a cashless exercise with 3,750,000 shares returned to the Company and cancelled. The 3,750,000 shares represent the fair value of the shares needed to repay the \$300,000 exercise price. The original warrant agreement did not allow for a cashless exercise. As such, the Company agreed to amend the warrant agreement retroactive to June 1, 2007, the date of exercise. The amendment was executed and approved by the Board of Directors of the Company on August 7, 2007. As a result of the cashless exercise amendment and calculation, the President of the Company is due an additional 250,000 shares.

On June 5, 2007, the Company approved and issued 1,600,000 S-8 shares of common stock at \$0.07 per share to the spouse of the President of the Company for payment of professional fees.

NOTE D - SUBSEQUENT EVENTS

On July 6, 2007, the Company approved and issued 300,000 restricted shares of common stock to a consultant for \$18,000.

On July 12, 2007, the Company approved and issued 50,000 restricted shares of common stock to a consultant at \$0.08 per share for services rendered.

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

Forward-Looking Statements

This Report contains statements that we believe are, or may be considered to be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this Report regarding the prospects of our industry or our prospects, plans, financial position or business strategy, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as "may," "will," "expect," "intend," "estimate," "foresee," "project," "anticipate," "believe," "plans," "forecasts," "continue" or "could" or the negatives of these terms or variations of them or similar terms. Furthermore, such forward-looking statements may be included in various filings that we make with the SEC or press releases or oral statements made by or with the approval of one of our authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this Report.

Business Overview

Ultitek was originally incorporated in the State of Delaware on January 11, 2005. On March 11, 2005, the Company was reincorporated in the State of Nevada. Also on March 11, 2005, the Company entered into a share exchange agreement with Transport Automation Information Systems (TAIS) pursuant to which the Company exchanged 15,000,000 shares of the Company's common stock for all of the issued and outstanding shares of TAIS. In connection with the merger, TAIS became a wholly owned subsidiary of the Company. Through TAIS, the Company owns and operates the ULTITEK System consisting of a Computerized Reservation System, a Global Distribution System, and operation systems for the airlines, to be marketed worldwide.

Prior to the merger, the Company was a non-operating "shell" corporation. For financial statement purposes, the merger has been reflected in the financial statements and below as though it occurred on January 1, 2004. The historical statements prior to the date of merger are those of TAIS. Since the merger is a recapitalization and not a business combination, pro-forma information is not presented.

Our Principal Products and Services

We operate a completely independent reservation, global distribution, and airline operation system. Essentially, computer reservation systems and global travel distribution systems were partly or completely owned and hosted by a few large airlines. The remaining airlines are guests using these systems to have their information stored on the system hosted by a competitor who charges significant user fees while accumulating proprietary and confidential information of the guest airline. There are approximately ten large airlines with their own system, which host the other 990 regional, mid-size and small airlines. We have a product that will provide these airlines a state-of-the-art system that is efficient, less costly and allows them to maintain their proprietary information.

The Company's software, known as the ULTITEK System ("ULTITEK System"), consists of the following systems:

- ? Computerized Reservation System ("CRS"). The Computer Reservations System is the module primarily designed to maintain seats inventory for airlines and to assist travel agencies book seats and other travel. Computerized Reservation System has a wide range of travel agency solutions, with an easy graphical interface including tools to run a travel agency productively.

- ? Global Distribution System ("GDS"). The Global Distribution System is designed to disseminate flight schedules, seating availability, and pricing information electronically to customers. Modules provide solutions that meet the booking needs of travel agencies or in-house corporate travel departments.

- ? Airline Operations System ("AOS"). The Airline Operations System allows a subscriber airline to manage every aspect of the airline's operations, which makes ULTITEK a complete solution.

- ? Departure Control System ("DCS"). The Departure Control System controls passenger registration and identification, boarding passes and seating assignments.

The ULTITEK System will also include (a) a complete accounting system, including revenue management, yield management, accounts payable, accounts receivable, general ledger and cost accounting; (b) inventory control for the number of seats available on a flight; (c) inventory control for spare parts and other miscellaneous components; (d) maintenance; (e) fixed assets; (f) purchasing; (g) airport departure control (including control of boarding passes); (h) inter-airline clearing facility with electronic funds transfer; (i) aircraft dispatching; (j) crew management/scheduling; (k) airplane equipment inventory; (l) miscellaneous supplies and logistics; (m) inter-city long haul bus station/scheduling/reservation system; (n) reservations via Internet; (o) theater tickets sales; (p) multilingual features; (q) access to hotel reservations; (r) access to car rental reservations; (s) access to other tour operators; (t) frequent flyer programs; and (u) charter airline management modules.

The ULTITEK System is currently accredited by International Air Transport Association ("IATA") defined as a Computerized Reservation System_ and has an IATA designated code. ULTITEK system communicates with most distribution systems worldwide.

The ULTITEK System initially will be available in English and Russian. Subsequently, language modules will include French, German, Spanish, and other languages, as necessary, for ease of use and to support international marketing efforts at an anticipated cost ranging from \$300,000 to \$500,000 per additional language module.

The ULTITEK System also offers (i) compatibility with standard technologies to facilitate integration into any agency environment; (ii) travel documents, ranging from a single ticket for multi airline bookings to boarding passes, car vouchers, itinerary information, invoices and tickets; and (iii) a state-of-the-art, real time approach to distributed data-bases.

Travel agents and the general public will have multiple communication paths, including Internet access to each of the appropriate system modules all of which will have security features allowing only authorized personnel to perform functions and access information based upon their security level. Seamless connectivity is a key to the ULTITEK System. Currently, travel agents usually access a database that holds comprehensive information which is submitted and updated on a set schedule by travel providers. The ULTITEK System will enable agents to connect directly and seamlessly into a real-time system that has the most up-to-date information about availability, rates, conditions, etc.

ULTITEK will provide a virtual private network based on the Internet. This feature will allow ULTITEK's Systems the ability to issue tickets for trips involving the subscriber airline or multiple airlines and act as a clearinghouse. Tickets may be issued as e-tickets, smart-card tickets, or via hard copy at a travel agency. This feature allows corporations to make their own reservations and issue tickets at the travel agency of their choice.

Communication capabilities are an important part of our product. There will be a state-of-the-art virtual private network communications infrastructure for a global network. This design approach generates significant communications savings to the subscriber airline. All that is required is dual high-speed Internet connection. The ULTITEK global network connections will link providers and users. It will be designed to support the massive, high-speed transmission of data, voice and video, with numerous back-up and security mechanisms to route data around the world. There will also be a diverse array of promotional opportunities for airlines and tour operators, ranging from weather forecasts to destination city information.

Hardware sales will be offered as a service, if requested by the subscriber.

Liquidity and Capital Resources

As of June 30, 2007, we had \$14,311 cash on hand and had a net loss of \$1,346,685 and a stockholders' deficit of \$796,442. Our auditors have expressed their doubt about our ability to continue as a going concern. We have financed our operations to date from loans, the sale of equity securities and through revenues.

We do not expect to incur significant marketing or expansion expenses with respect to the sale of ULTITEK Systems. Consequently, any significant increases in sales requirements will be predicated entirely upon the particular circumstances of each new agreement, and capital requirements will follow the same particular circumstance.

The level of cash flows we derive from operations will depend to a significant degree on our ability to license the ULTITEK Systems. If we are unable to generate sufficient cash flows from operations, we will attempt to raise additional funds to cover the costs of operations through additional private or public offerings of debt or equity securities. There is no assurance that we will be able to raise additional funds. If we cannot, we will be forced to curtail our operations or possibly be forced to evaluate a sale or liquidation of our assets. Even if we are successful in raising additional funds, there is no assurance regarding the terms of any additional investment. Any future financing may involve substantial dilution to existing investors.

Results of Operations

Three Months Ended June 30, 2007 Compared to Three Months Ended June 30, 2006

Our total revenue increased by \$318,246, or approximately 86.5%, from \$368,047 for the three months ended June 30, 2006 to \$686,293 for the three months ended June 30, 2007. This increase was due to an increase in software licenses and maintenance fees.

Our costs of revenue increased by \$377,671, or approximately 139.4%, from \$271,009 for the three months ended June 30, 2006 to \$648,680 for the three months ended June 30, 2007. This increase was primarily due to an increase in the number of software licenses and maintenance activity which necessitated our increased utilization of programmers and consultants.

Our selling, general and administrative expenses (SG&A) decreased by \$454,059, or approximately 35.3%, from \$1,287,251 for the three months ended June 30, 2006 to \$833,192 for the three months ended June 30, 2007. This decrease was primarily due to stock based compensation of \$1,028,300 for the three months ended June 30, 2006 versus \$682,000 for the three months ended June 30, 2007.

Our interest expense decreased by \$413,953 or approximately 95.5%, from \$433,479 for the three months ended June 30, 2006 to \$19,526 for the three months ended June 30, 2007. This decrease was primarily due to a \$421,916 beneficial conversion features related to warrants issued with the convertible debentures in 2006.

Six Months Ended June 30, 2007 Compared to Six Months Ended June 30, 2006

Our total revenue increased by \$451,791, or approximately 54.7% from \$825,253 for the six months ended June 30, 2006 to \$1,277,044 for the six months ended June 30, 2007. This increase was due to an increase in software licenses and maintenance fees.

Our costs of revenue increased by \$493,686, or approximately 69.7%, from \$708,599 for the six months ended June 30, 2006 to \$1,202,285 for the six months ended June 30, 2007. This increase was primarily due to an increase in the number of software licenses and maintenance activity which necessitated our increased utilization of programmers and consultants.

Our selling, general and administrative expenses (SG&A) decreased by \$5,171,470, or approximately 83.3%, from \$6,205,588 for the six months ended June 30, 2006 to \$1,034,118 for the six months ended June 30, 2007. This decrease was primarily due to stock based compensation of \$5,722,651 for the six months ended June 30, 2006 versus \$782,000 for the six months ended June 30, 2007.

Our interest expense decreased by \$548,776, or approximately 93.4%, from \$587,204 for the six months ended June 30, 2006 to \$38,428 for the six months ended June 30, 2007. This decrease was primarily due to \$573,783 in beneficial conversion features related to warrants issued with the convertible debentures in 2006.

Research and Development

For the three and six months ended June 30, 2007, we spent approximately \$190,000 and \$340,000, respectively, in research and development, an increase from \$28,750 and \$51,250 for the three and six months ended June 30, 2006, respectively. These increases were due to the development and integration of reservation and financial systems. As we implement our business strategy and grow our business, we expect to incur significant research and development expenses with respect to our software and anticipate significant changes in research and development for our software. Any significant increases in research and development will be predicated entirely upon the particular circumstances of any acquisitions that we make, including the state of development of the technology, the complexity and the requirement for modification or integration with other solutions.

Revenue Recognition

The Company derives revenue from the following sources: (i) software, which includes the sale of the Company's software licenses and (ii) services, which includes consulting and maintenance.

The Company's records revenue pursuant to the Statement of position No. 97-2, Software Revenue recognition, issued by the American Institute of Certified Public Accountants.

For software license arrangements that do not require significant modification or customization, we recognize new software license revenue when (i) we enter into a legally binding arrangement with a customer for the license of software; (ii) we deliver the products; (iii) customer payment is deemed fixed and determinable and free of contingencies or significant uncertainties; and (iv) collection is probably. Substantially all of our new software license revenues are recognized in this manner.

Revenues from consulting services are generally recognized as the services are performed.

In certain consulting contracts, modifications to software may be accounted for based upon contract accounting using the completed contract method. Contract accounting is applied to any arrangement: (i) that includes milestones or customer specific acceptance criteria that maybe effect collection of software license fees; (ii) where services include significant modification or customization of software; or (iii) where software license payment is tied to the performance of consulting services.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Critical Accounting Policies & Estimates

The following describes critical accounting policies and estimates:

Use of Estimates

It is important to note that when preparing the financial statements in conformity with U.S. generally accepted accounting principles, management is required to make certain estimates and assumptions that affect the amounts reported and disclosed in the financial statements and related notes. Actual results could differ if those estimates and assumptions prove to be incorrect.

On an ongoing basis, we evaluate our estimates, including those related to estimated customer life, used to determine the appropriate amortization period for deferred revenue and deferred costs associated with licensing fees, the useful lives of property and equipment as well as in U.S. dollar exchange rates with the Russian ruble, among others, as well as our estimates of the value of common stock for the purpose of determining stock-based compensation. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Work in Progress

Work in progress represents consulting projects billable in accordance with the terms of a contract at specified stages of completion and consists of accumulated costs of materials and time charges not yet billed. To the extent that the terms are altered or our performance under these contracts is delayed, our estimates will be wrong and may impact when revenue is recognized.

Stock-Based Compensation

The Company accounts for stock based compensation using the fair value method.

Software Costs

Software development costs are accounted for in accordance with SFAS No. 86 “Accounting for the Costs of Computers, Software to be Sold, Leased, or Otherwise Marketed” and SOP No. 98-1 “Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.”

Revenue Recognition

The Company derives revenue from the following sources: (1) software, which includes the sale of software license's, and (2) services, which includes consulting and maintenance.

The Company records revenue pursuant to SOP No. 97-2, “Software Revenue Recognition”, issued by the AICPA.

For software license arrangements that do not require significant modification or customization, we recognized new software license revenue when: (1) we enter into a legally binding arrangement with a customer for the license of software; (2) we deliver the products; (3) customer payment is deemed fixed and determinable and free of contingencies or significant uncertainties; and (4) collection is probable. Substantially all of our new software license revenues are recognized in this manner.

Revenues from consulting services are generally recognized as the services are performed.

In certain consulting contracts, modifications to software may be accounted for based upon contract accounting using the completed contract method. Contract accounting is applied to any arrangement: (1) that includes milestones or customer specific acceptance criteria that may effect collection of software license fees; (2) where services include significant modification or customization of software; or (3) where software license payment is tied to the performance of consulting services.

Foreign Currency Translation

The Company considers the Russian ruble to be its functional currency. Assets and liabilities were translated into U.S. dollars at the period end exchange rates. Statement of Operations amounts were translated using the average rate during the year. Gains and losses resulting from translating foreign currency financial statements were accumulated in other comprehensive income (loss), a separate component of stockholder's equity (deficit). Drastic fluctuations in the exchange rate of the U.S. dollar and the Russian ruble will affect our financial statements.

Item 3. Controls and Procedures.

(a) *Evaluation of Disclosure Controls and Procedures.* Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-QSB, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

(b) *Changes in Internal Controls Over Financial Reporting.* There were no changes in our internal controls over financial reporting during the fiscal quarter covered by this Form 10-QSB that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is not a party to or the subject of any pending legal proceeding or any contemplated proceeding of a governmental authority.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds.

On April 5, 2007, the Company issued three million (3,000,000) shares of restricted common stock to Andrea Miller, for consulting services rendered. When issuing the shares, the Company relied upon the exemption from registration afforded the Company under Section 4(2) of the Securities Act of 1933, as amended, or the Securities Act, as the issuance will not involve a public offering. There were no proceeds to the Company upon such issuance.

On April 5, 2007, the Company issued 500,000 shares of common stock to Virginia K. Sourlis, Esq. for legal services rendered. These shares were issued pursuant to the Company's 2007 Incentive Compensation Plan, or the 2007 Plan, and were registered under the Securities Act on a Form S-8 (File No. 333-141532) filed with the Securities and Exchange Commission, or SEC, on March 23, 2007, or the Form S-8. There were no proceeds to the Company upon such issuance.

On April 24, 2007, the Company issued 600,000, 400,000 and 41,160 shares of restricted common stock to Svetlana Kolesnikova, Floriya Prom and Global Consulting Group, respectively, for consulting services rendered. When issuing the shares, the Company relied upon the exemption from registration afforded the Company under Section 4(2) of the Securities Act as the issuance will not involve a public offering. There were no proceeds to the Company upon such issuances.

On June 1, 2007, Roman Price, the President of the Company, partially exercised a warrant issued on February 14, 2006 to purchase a total of 66,600,000 shares of the Company's common stock at \$0.02 per share. The exercise was for 15,000,000 shares and was treated as a cashless exercise with 3,750,000 shares returned to the Company and cancelled. The 3,750,000 shares represent the fair value of the shares needed to repay the \$300,000 exercise price. The original warrant agreement did not allow for a cashless exercise. As such, the Company agreed to amend the warrant agreement retroactive to June 1, 2007, the date of exercise. The amendment was executed and approved by the Board of Directors of the Company on August 7, 2007. As a result of the cashless exercise amendment and calculation, the President of the Company is due an additional 250,000 shares. When issuing the shares, the Company relied upon the exemption from registration afforded the Company under Section 4(2) of the Securities Act, as the issuance will not involve a public offering. There were no proceeds to the Company upon such issuance.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

Subsequent Events

On July 6, 2007, the Company approved and issued 300,000 restricted shares of common stock to a consultant for \$18,000. When issuing the shares, the Company relied upon the exemption from registration afforded the Company under Section 4(2) of the Securities Act, as the issuance will not involve a public offering.

On July 12, 2007, the Company approved and issued 50,000 restricted shares of common stock to a consultant at \$0.08 per share for services rendered. When issuing the shares, the Company relied upon the exemption from registration afforded the Company under Section 4(2) of the Securities Act, as the issuance will not involve a public offering.

Item 6. Exhibits.

Exhibit No.	Description
31.1	Certification by Roman Price, the Principal Executive Officer of Ultitek, Ltd., pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended
31.2	Certification by Paul Freed, CPA, the Principal Accounting Officer of Ultitek, Ltd., pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended
32.1	Certification of Roman Price, the Principal Executive Officer of Ultitek, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Paul Freed, the Principal Accounting Officer of Ultitek, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

ULTITEK, LTD.

Dated: August 10, 2007

By: /s/ PAUL FREED
Paul Freed
Chief Financial Officer
(Principal Accounting Officer) of Ultitek, Ltd.

EXHIBIT INDEX

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CERTIFICATION

I, ROMAN PRICE, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB of Ultitek, Ltd.;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 10, 2007

/s/ ROMAN PRICE

Roman Price

President and Chief Executive Officer
(Principal Executive Officer) of Ultitek, Ltd.

CERTIFICATION

I, PAUL FREED, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB of Ultitek, Ltd.;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 10, 2007

/s/ PAUL FREED

PAUL FREED

Chief Financial Officer
(Principal Accounting Officer) of Ultitek, Ltd.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES -OXLEY ACT OF 2002**

In connection with the Quarterly Report of Ultitek, Ltd. (the "Registrant") on Form 10-QSB for the period ended June 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Roman Price, the President and Chief Executive Officer, of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 10, 2007

/s/ ROMAN PRICE

Roman Price

President and Chief Executive Officer
(Principal Executive Officer) of Ultitek, Ltd.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES -OXLEY ACT OF 2002**

In connection with the Quarterly Report of Ultitek, Ltd. (the "Registrant") on Form 10-QSB for the period ended June 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul Freed, the Chief Financial Officer, of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 10, 2007

/s/ PAUL FREED

Paul Freed

Chief Financial Officer
(Principal Accounting Officer) of Ultitek, Ltd.