

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

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE QUARTER ENDED JUNE 30, 2005

OR

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

COMMISSION FILE NUMBER 001-31433

ENDEVCO, INC.

(Exact name of registrant as specified in its charter)

Texas

(State or other jurisdiction of incorporation or organization)

74-2142545

(IRS Employer Identification No.)

2425 Fountainview, Suite 215, Houston, TX 77057
(Address of principal executive offices, including zip code)

(713) 977-4662
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act
None

Securities registered pursuant to 12(g) of the Exchange Act
Common Stock, no par value

The number of shares outstanding of the registrant's common stock as of June 30, 2005 was 197,059,750.

Transitional Small Business Disclosure Format: Yes No

ENDEVCO, INC.
AND SUBSIDIARIES

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JUNE 30, 2005

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EnDevCo, Inc. and Subsidiaries
Consolidated Balance Sheets

	06/30/2005 (Unaudited)	12/31/2004
<u>ASSETS (Unaudited)</u>		
<u>Current Assets</u>		
Cash	\$ 5,984	\$ 374
Total Current Assets	<u>5,984</u>	<u>374</u>
<u>Property and equipment</u>		
Oil and gas properties and equipment under full cost method	2,000,000	2,000,000
Total Assets	<u>\$ 2,005,984</u>	<u>\$ 2,000,374</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 2,579,567	\$ 2,581,833
Accrued interest	96,251	49,829
Accrued expenses	50,940	239,073
Taxes payable	217,710	202,521
Total Current Liabilities	<u>2,944,468</u>	<u>3,073,256</u>
<u>Long-Term Liabilities</u>		
Notes payable	1,350,000	1,350,000
Total Liabilities	<u>\$ 4,294,468</u>	<u>\$ 4,423,256</u>
<u>STOCKHOLDERS' DEFICIT</u>		
<u>Preferred Stock</u>		
10,000,000 shares authorized, \$0.01 par value, 5,238,984 shares outstanding December 31, 2004 and 5,691,148 shares outstanding June 30, 2005	56,912	52,390
<u>Common Stock</u>		
500,000,000 shares authorized, without par value, 197,000,000 shares outstanding December 31, 2004 197,059,750 shares outstanding June 30, 2005	36,309,552	36,305,961
Additional Paid in Capital	5,634,237	5,186,594
Retained Deficit	(44,289,185)	(43,967,827)
Total Stockholders' Deficit	<u>(2,288,484)</u>	<u>(2,422,882)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 2,005,984</u>	<u>\$ 2,000,374</u>

The accompanying notes are integral part of the consolidated financial statements.

EnDevCo, Inc. and Subsidiaries
Consolidated Statements of Operations
For the Three and Six Months Ended June 30, 2005 and 2004
(Unaudited)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2005	2004	2005	2004
Revenues				
Consulting Fees	\$ --	\$ --	\$ --	\$ --
Other Revenues	713	--	713	--
Total Revenues	<u>713</u>	<u>--</u>	<u>713</u>	<u>--</u>
Cost of Revenues				
Subcontractors	--	--	--	120,227
Gross Profit	<u>713</u>	<u>--</u>	<u>713</u>	<u>(120,227)</u>
Costs and Expenses				
General and administrative	48,266	2,830,557	63,354	2,959,758
Salaries and wages paid in stock	198,000	220,500	431,000	450,000
Total Costs and Expenses	<u>246,266</u>	<u>3,051,057</u>	<u>494,354</u>	<u>3,409,758</u>
Net Loss from Operations	\$ (245,553)	\$ (3,051,057)	\$ (493,641)	\$ (3,529,985)
Other Income and Expenses				
Interest and other income	--	51	--	1,007
Lawsuit settlement, net of \$161,107 in expenses	233,893	--	233,893	--
Interest expense	(52,976)	(6,333)	(61,610)	(12,666)
Total Other Income(Expenses)	<u>180,917</u>	<u>(6,282)</u>	<u>172,283</u>	<u>(11,659)</u>
Net Loss	<u>\$ (64,636)</u>	<u>\$ (3,057,339)</u>	<u>\$ (321,358)</u>	<u>\$ (3,541,644)</u>
Basic and Diluted Loss Per Common Share	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>
Weighted Average number of Common Shares used in basic and diluted loss per share calculations	<u>197,014,937</u>	<u>172,538,462</u>	<u>197,008,536</u>	<u>172,538,462</u>

The accompanying notes are integral part of the consolidated financial statements.

EnDevCo, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	2005	Six Months Ended June 30 (Unaudited)	2004
<u>Cash Flows from Operating Activities</u>			
Net Income (Loss)	\$ (321,358)		\$ (3,541,644)
Adjustments to Reconcile Net Loss to Net Cash			
Provided by operating activities:			
Issuance of stock for expenses	455,756		3,146,449
Impairment loss on assets	--		--
Changes in assets and liabilities:			
Prepaid expenses	--		2,364
Accrued interest	46,422		12,665
Accounts payable	(2,266)		14,765
Accrued expenses	(188,133)		151,405
Taxes payable	15,189		8,190
	<u>5,610</u>		<u>(205,806)</u>
Net Cash Provided by Operating Activities	\$ 5,610		\$ (205,806)
<u>Cash Flows from Financing Activities:</u>			
Pledged investment account	--		705,812
Notes payable	--		(500,000)
	<u>--</u>		<u>205,812</u>
Net Cash Provided by Financing Activities	\$ --		\$ 205,812
Net Increase(Decrease) in Cash	5,610		6
Cash Balance, Begin Period	374		428
Cash Balance, End Period	<u>\$ 5,984</u>		<u>\$ 434</u>
<u>Supplemental Disclosures:</u>			
Cash Paid for Interest	\$ --		\$ --
Cash Paid for income taxes	\$ --		\$ --
Stock Issued for Services	\$ 455,756		\$ 3,303,949
Accounts Receivable/Deferred Revenue	\$ --		\$ 527,080

The accompanying notes are integral part of the consolidated financial statements.

EnDevCo, Inc. and Subsidiaries
Notes To Consolidated Financial Statements
June 30, 2005

NOTE 1 Summary of Significant Accounting Policies

Basis of Presentation -- EnDevCo, Inc. (formerly Adair International Oil and Gas, Inc.) was incorporated under the laws of the state of Texas on November 7, 1980. On September 30, 2003, the Company filed a "Restated" Articles of Incorporation with the Secretary of State of the State of Texas to change its name from Adair International Oil and Gas, Inc. to EnDevCo, Inc.

Principles of Consolidation -- The consolidated financial statements include the accounts of EnDevCo, Inc. and its wholly owned subsidiaries, Adair Colombia Oil and Gas, S.A., Adair Yemen Exploration Ltd (name changed to EnDevCo Refining Corporation on 08/05/2005), Africa Energy Group, Inc., EnDevCo Eureka LLC, EnDevCo Minerals, Inc. and Superior Stock Transfer, Inc. (the "Company"). All material inter-Company balances and transactions have been eliminated in consolidation.

Cash and cash equivalents -- The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fair value of financial instruments -- Management estimates that the carrying value of financial instruments reported in the financial statements approximates their fair values.

Oil and Gas Properties -- The Company follows the full cost method of accounting for its oil and gas properties. Accordingly, all costs associated with acquisition, exploration and development of oil and gas reserves, including directly related overhead costs, are capitalized. All capitalized costs of oil and gas properties, including the estimated future costs to develop proved reserves, are amortized on the unit-of-production method using estimates of proved reserves. Depletion of oil and gas properties is computed using all capitalized costs and estimated future development and abandonment costs, exclusive of oil and gas properties not yet evaluated, on a unit of production method based on estimated proved reserves.

No depreciation and amortization was expensed for the six months ending June 30, 2005 and 2004.

Income Taxes -- The Company accounts for income taxes pursuant to the asset and liability method of computing deferred income taxes. Deferred tax assets and liabilities are established for the temporary differences between the financial reporting bases and the tax bases of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. When necessary, valuation allowances are established to reduce deferred tax assets to the amount expected to be realized.

Earnings Per Share -- Basic earnings per share are computed by dividing earnings (loss) by the weighted average number of common shares outstanding.

Diluted earnings per share are computed on the basis of the weighted average number of common shares and dilutive securities outstanding. Dilutive securities having an anti-dilutive effect on diluted earnings per share are excluded from the calculation.

Use of Estimates -- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Long-Lived Assets -- The Company routinely evaluates the carrying value of its long-lived assets. The company records impairment losses when events or circumstances indicate that a long-lived asset's carrying value may not be recovered. The Company recognized impairment losses of \$1,350,000 and \$2,162,969 during the years ended December 31, 2004 and 2003, respectively, in connection with leases it had acquired and was unable to fund or develop.

EnDevCo, Inc. and Subsidiaries
Notes To Consolidated Financial Statements
June 30, 2005

NOTE 1 Summary of Significant Accounting Policies (cont)

Newly issued accounting pronouncements – In November 2004, the FASB issued SFAS No. 151, Inventory Costs. SFAS No. 151 is an amendment of Accounting Research Bulletin (“ARB”) No. 43, chapter 4, paragraph 5 that deals with inventory pricing. SFAS No. 151 clarifies the accounting for abnormal amounts of idle facility expenses, freight, handling costs and spoilage.

Under previous guidance, paragraph 5 of ARB No. 43, chapter 4, items such as idle facility expense, excessive spoilage, double freight, and re-handling costs might be considered to be so abnormal, under certain circumstances, as to require treatment as current period charges. This Statement eliminates the criterion of “so abnormal” and requires that those items be recognized as current period charges. Also, SFAS No. 151 requires that allocation of fixed production overheads to the cost of conversion be based on the normal capacity of the production facilities. SFAS No. 151 is effective for fiscal years beginning after June 15, 2005. The Company is analyzing the requirements of SFAS No. 151 and believes that its adoption will not have any significant impact on the Company’s financial position, results of operations or cash flows.

In December 2004, the FASB issued SFAS No. 123R, Share-Based Payment. SFAS No. 123R is a revision of SFAS No. 123, Accounting for Stock-Based Compensation, and supercedes APB 25. Among other items, SFAS No. 123R eliminates the use of APB 25 and the intrinsic value method of accounting and requires companies to recognize the cost of employee services received in exchange for awards of equity instruments, based on the grant date fair value of those awards in the financial statements.

The effective date of SFAS No. 123R is the first reporting period beginning after June 15, 2005, and the Company expects to adopt SFAS No. 123R effective July 1, 2005. SFAS No. 123R permits companies to adopt its requirements using either a “modified prospective” method, or a “modified retrospective” method. Under the “modified prospective” method, compensation cost is recognized in the financial statements beginning with the effective date, based on the requirements of SFAS No. 123R for all share-based payments granted after that date and based on the requirements of SFAS No. 123 for all unvested awards granted prior to the effective date of SFAS 123R. Under the “modified retrospective” method, the requirements are the same as under the “modified prospective” method, but also permits entities to restate financial statements of previous periods based on proforma disclosures made in accordance with SFAS No 123. The Company is currently evaluating the appropriate transition method. Through December 31, 2004, the Company had not had any stock-based compensation awards.

NOTE 2 - Non-monetary Stock Transactions

Included in the Company's consolidated statement of operations for the period ended June 30, 2005 were expenses that were paid with Company stock. The Company issued stock in lieu of cash in transactions summarized as follows for the six months ended June 30, 2005:

	Common Shares	Value	June 30, 2005	Preferred Shares	Value
For Salaries	--	--		431,000	\$ 431,000
Other Company Obligations	59,750	\$ 3,591		21,164	21,164
	<hr/>	<hr/>		<hr/>	<hr/>
Total	59,750	\$ 3,591		452,164	\$ 452,164

The fair value of the Company’s common stock issued for services was deemed to be the closing trading price of the Company’s common stock on the date of issuance. The Company established pay rates for all its employees and directors and these wages were paid by the issuance of preferred stock on the basis of one share of preferred stock for each dollar of accrued wages. Certain expenses were paid with preferred stock, by the issuance of one share of preferred stock for each dollar of billed expense.

EnDevCo, Inc. and Subsidiaries
Notes To Consolidated Financial Statements
June 30, 2005

NOTE 3 - Preferred Stock

The Board of Directors passed a Corporate Resolution that reads, "Pursuant to and in accordance with Article 2.13 of the Texas Business Corporation Act of the State of Texas the Company does hereby certify that, pursuant to the authority conferred on the Board of Directors by the Articles of Incorporation of the Corporation, and pursuant and in accordance with Article 2.13 of the Texas Business Corporation Act of the State of Texas, said Board of Directors, pursuant to unanimous written consent dated December 9, 2002, duly adopted a resolution providing for the authorization and issuance of 5,000,000 shares of "Series A" Convertible Preferred Stock, \$0.01 par value per share (the "Series A" Preferred Stock). At the annual shareholders meeting held on October 15, 2004, the shareholders approved an increase in the total number of authorized "Series A" convertible preferred shares with a \$0.01 par value to 10,000,000. As of June 30, 2005, there were 5,691,148 shares outstanding.

Each share of "Series A" Preferred Stock which is then outstanding shall at the sole election of the holder be converted into fully paid and non-assessable shares of Common Stock of the Corporation at a conversion rate of 1,000 shares of Common Stock for each share of "Series A" Preferred Stock. The holders of the issued and outstanding shares of Preferred Stock shall have the equivalent of 1,000 Common Stock votes for each share of "Series A" Preferred Stock.

During the quarter ended June 30, 2005 a total of 210,666 shares of preferred stock was issued and recorded at the rate of \$1.00 per share as approved by the Board of Directors. The shares were issued for salaries and other Company obligations.

NOTE 4 - Notes Payable

The Company has two notes payable totaling \$1,350,000. The first note is in the amount of \$950,000 and the second is in the amount of \$400,000. Both notes accrue interest at the LIBOR monthly average interest coupon rate and both notes are due and payable December 31, 2007.

NOTE 5 – Restatement of Prior Quarters Results

During the course of the audit of the year ended December 31, 2004 financial statements, accounting adjustments were made that would have effected previously issued quarterly financial information. The following sets forth the Statement of Operations for the six months ended June 30, 2004 as previously reported and applicable restatement for that period:

	As Reported	Restatement Adjustments		As Restated
Revenues	\$ 133,273	\$ 133,273	A	\$ --
Cost of Revenues				
Subcontractors	133,273	13,046	B	120,227
Gross Profit	--	(120,227)		(120,227)
Costs and Expenses				
General and administrative	1,905,915	895,000	C	2,959,758
		148,310	D	
		10,533	E	
Salaries and wages paid in stock	450,000	--		450,000
Total Costs and Expenses	2,355,915	1,053,843		3,409,758
Net Loss from Operations	\$ (2,355,915)	\$ (1,174,070)		\$ (3,529,985)
Other Income and Expenses				
Interest and other income	1,007	--		1,007
Interest expense	(12,666)	--		(12,666)
Total Other Income(Expense)	\$ (11,659)	\$ --		\$ (11,659)
Net Loss	\$ (2,367,574)	\$ (1,174,070)		\$ (3,541,644)
Basic and Diluted Loss Per Common Share	\$ (0.01)	\$ (0.01)		\$ (0.02)
Weighted Average number of Common shares used in basic loss per share calculations	172,538,462	--		172,538,462

- A – Deferred revenue recognition reversal.
B – Correction of subcontractor liability.
C – Stock issued for consulting.
D – Accrual of travel expenses.
E – Accrual of penalties and interest on taxes payable.

EnDevCo, Inc. and Subsidiaries
June 30, 2005

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, includes certain forward-looking statements. The forward-looking statements reflect the Company's expectations, objectives and goals with respect to future events and financial performance. They are based on assumptions and estimates, which the Company believes are reasonable. However, actual results could differ materially from anticipated results. Important factors that may impact actual results include, but are not limited to, commodity prices, political developments, market and economic conditions, industry competition, the weather, changes in financial markets and changing legislation and regulations. The forward-looking statements contained in this report are intended to qualify for the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended. The notes to Consolidated Financial Statements sections contain information that is pertinent to the following analysis.

GENERAL COMMENTS ON BUSINESS PLAN

The Board of Directors has passed a unanimous resolution to change the name of the Corporation to EnDevCo, Inc. The shareholders approved the name change at the Annual Meeting held on September 12, 2003. The new ticker symbol is "ENDE".

EnDevCo, Inc., a shortened version of the "Energy Development Company", establishes an identity that is consistent with the business development activities currently underway to revitalize the Corporation. The Company is involved in several natural resource development projects that transcend the traditional business scope of oil and gas exploration and production. These activities include production of oil and gas from interests held by the Company in the United States and Colombia. The Company is pursuing the development of potassium chloride and other mineral deposits and is investigating an investment in the development of new technologies for the enhancement of oil and gas production, utilizing that technology to gain leverage in the purchase of domestic natural gas production.

OIL AND GAS EXPLORATION AND DEVELOPMENT

The Company is pursuing oil and gas exploration and development opportunities in both domestic and international venues. Domestically, the Company has secured certain development rights in two blocks in the Gulf of Mexico that will provide it with the opportunity to participate in the drilling of low risk development wells. As a result of recently acquired 3D seismic data that has been integrated with previously known geological and engineering data, several low risk development drilling opportunities have been identified. Participation in these types of relatively low risk and low cost wells will provide near term cash flow to support the activities of the Company.

Internationally, the Company has identified several other exploration projects that carry significant upside potential (although at higher risk). The Company currently holds a farm-in agreement for certain exploration rights in the Rio Magdalena Valley of Colombia. Our exploration teams are also evaluating other opportunities located in Canada, South America, Europe and West Africa.

Gulf of Mexico Option - On December 28, 2003, the Company entered into an agreement with Pine Curtain Production Company, LLC wherein the Company has the option to participate in an undivided interest of 50% of the seller's undivided interest in Eugene Island Block 294 and Chandeleur Block 14. This option expired on June 30, 2005, but was renewed, on July 27, 2005 by entering into a farm-in agreement with BT Operating Co wherein the Company will participate in the drilling and completion of one well in Eugene Island Block 294.

Rio Magdalena Option- On September 25, 2003, the Company purchased from Harvest Production Company, LLC an option to participate in the acquisition and processing of 101 kilometers of 2D seismic, and a continuing option to participate on a joint venture basis in wells to be drilled after the interpretation of that seismic on their Rio Magdalena Association Contract comprising 58,546 hectares (144,600 acres) situated in the Upper Magdalena River region of Colombia. On June 25, 2005 the Company purchased an option from Harvest Production Company, LLC to purchase 50% of seller's interest in the assets covered by the September 25, 2003 option, proven undeveloped reserves in the block and Seller's proprietary data previously acquired over the lease acreage described above, in consideration of the Company securing financing for development. This option expires June 30, 2007.

ENERGY TECHNOLOGY DEVELOPMENT

Development and implementation of new energy technologies will become a key new business focus for the Company. The identification of and early participation in the implementation of these types of technologies opens several avenues for potential revenue generation and profits. In some instances, the technology can be manufactured and sold to end users once the market accepts the technology. In other instances, the technology might provide a unique competitive advantage that can be successfully leveraged by the Company in the acquisition and development of existing energy projects. Initially, the Company will limit its scope of investigation to those technologies that directly compliment the oil and gas, and power industries.

POWER GENERATION

The Company has management experience and expertise in the areas of power plant development, operations and optimization. The Company intends to pursue opportunities to serve as a management team representing the interests of lenders and private equity investors in control of generation assets acquired from the troubled merchant generation sector.

EnDevCo, Inc. and Subsidiaries
June 30, 2005

RESULTS OF OPERATIONS

This report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, includes certain forward-looking statements. The forward-looking statements reflect the Company's expectations, objectives and goals with respect to

future events and financial performance. They are based on assumptions and estimates, which the Company believes are reasonable. However, actual results could differ materially from anticipated results. Important factors that may impact actual results include, but are not limited to, commodity prices, political developments, market and economic conditions, industry competition, the weather, changes in financial markets and changing legislation and regulations. The forward-looking statements contained in this report are intended to qualify for the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended. The notes to Consolidated Financial Statements sections contain information that is pertinent to the following analysis.

SIX MONTHS ENDED JUNE 30, 2005 COMPARED TO SIX MONTHS ENDED JUNE 30, 2004					
Line	Description	Six Months Ended June 30,		Differences	Percent Change
		2005	2004		
1	Revenues	\$ 713	--	\$ 713	100.0%
2	Costs and Expenses	\$ 494,354	\$ 3,409,758	\$ (2,915,404)	(86.1)%
3	General and Administrative Expense	\$ 63,354	\$ 2,959,758	\$ (2,896,404)	(98.02)%
4	Salaries and Wages Paid in Stock	\$ 431,000	\$ 450,000	\$ (19,000)	(4.22)%
5	Other Income and Expenses	\$ 172,283	\$ (11,659)	\$ 183,942	1,577.7%
6	Interest Income	--	\$ 1,007	\$ (1,007)	(100.0)%
7	Lawsuit Settlement	\$ 233,893	--	\$ 233,893	100.0%
8	Interest Expense	\$ 61,610	\$ 12,666	\$ 48,944	386.42%

Analysis of Comparison

Line 1 – During 2005 the Company received a \$713 payment for a farmout agreement.

Line 2 – Total costs and expenses decreased overall \$(2,915,404) during 2005. The detail explaining this decrease is shown on lines 3 and 4 below.

Line 3 – This decrease is due to zero consulting fees paid during 2005 while \$3,077,500 was paid in 2004.

Line 4 – This decrease is due to E. Barger Miller III and Ernest B. Miller IV resignations at the beginning of 2005. See 8-K filed March 2, 2005 Item 5.02. Departure of Directors or Principal Officers noticing the resignations of Chairman and Director E. Barger Miller III and Vice President of Finance Ernest B. Miller IV. Father and son left to pursue other business interests.

Line 5 – Total other income and expenses increased overall by \$183,942 during 2005. The detail explaining this decrease is shown on lines 6 through 8 below.

Line 6 – This decrease is due to no interest earnings during 2005 while during 2004 the Company earned interest from the Letter of credit deposit at the bank. The letter of credit deposit was returned to the Company in 2004.

Line 7 - On June 17, 2005, the Company executed a Compromise Settlement Agreement And Mutual Release with Jackson & Rhodes, P.C. (Jackson) and a Settlement Agreement And General Release with U.S. Stock Transfer Corporation (USST). Jackson and USST paid a combined total cash payment of \$395,000. The Company received \$233,893 net of expenses of \$161,107. See Forms 8-K filed February 16, 2005 and June 29, 2005. The Company is now the sole plaintiff and is pursuing its claims against all other defendants.

Line 8 – This increase is due to the accrual of judgment interest.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash	Six Months Ended June 30,	
	2005	2004
Net cash provided by/(used in)		
Operating activities	\$ 5,610	\$ (205,806)
Investing activities	--	--
Financing activities	--	205,812
Increase/(decrease) in cash and cash equivalents	\$ 5,610	\$ 6
	At June 30, 2005	
Cash and cash equivalents	\$ 5,984	\$ 434

EnDevCo, Inc. and Subsidiaries
June 30, 2005

Cash Flow from Operating Activities

2005

Cash provided by operating activities totaled \$5,610 during 2005, an increase of \$211,416 over the 2004 cash used by operating activities of \$205,806. Contributing to this increase was \$455,756 in issuance of stock for expenses, \$46,422 in accrued interest, a \$2,266 reduction in accounts payable, a reduction in accrued expenses of \$188,133 and a \$15,189 increase in taxes payable.

2004

Cash used by operating activities totaled \$205,806 during 2004, an increase of \$189,130. Contributing to this increase was \$3,146,449 in issuance of stock for expenses, a decrease of \$2,364 in prepaid expenses, accrued interest of \$12,665, accounts payable increase of \$14,765, an increase of \$151,405 in accrued expenses and an increase of \$8,190 in taxes payable.

Cash Flow from Investing Activities

2005

There were no cash flows from investing activities during 2005.

2004

There were no cash flows from investing activities during 2004.

Cash Flow from Financing Activities

2005

There were no cash flows from financing activities during 2005.

2004

Cash flow provided by financing activities totaled \$205,812 during 2004, a decrease of \$149,760 from 2003. Contributing to this decrease was a note payable for \$500,000 given for partial payment for an oil and gas property and the return to the Company of the Letter of credit deposit of \$705,812.

Directors and Officers Compensation

The Company currently has nominal cash reserves and no cash flow from operations. Until such time as the financial condition of the Company improves, the Company's Directors and Officers have agreed to manage the Company by receiving payment in "Series A" Preferred stock in lieu of cash consideration.

Project Development Guidelines

In recognition of the status of current financial resources available to the Company, executive management is committed to identifying and implementing projects that can be primarily project financed. This strategy reduces financial risk to the Company, but necessarily adds additional lead time before projects can be secured and announced to the shareholders.

There are no assurances, however, that the Company will be able to identify and implement financing to develop its projects or that it will be able to generate sufficient revenue growth and improvements in working capital.

As no revenue is currently generated from operations, the Company will have to raise additional working capital through the sale of its Common stock. No assurance can be given that funds will be available from any source when needed by the Company or, if available upon terms and conditions reasonably acceptable to the Company.

The Company has no operations generating cash flows currently.

The Company is exploring debt and equity financing.

ITEM 3. CONTROLS AND PROCEDURES

As required by Rule 13a-15(b), Company's executive management, including the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, conducted an evaluation as of the end of the period covered by this report, of the effectiveness of the Company's disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based on that evaluation, the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report. As required by Rule 13a-15(d), the Company's executive management, including the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, also conducted an evaluation of the Company's internal control over financial reporting to determine whether any changes occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Based on that evaluation, there has been no such change during the period covered by this report.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Legal Proceedings for the Quarter Ended June 30, 2005:

Adair International Oil & Gas, Inc. vs. Chase Mellon Shareholder Services, Inc., Mellon Investor Services, LLC., U.S. Stock Transfer Corporation, Thomas Kernaghan & Co., Union Securities, Ltd., Merrill, Lynch, Hubbard, Inc., Tatiana Roa, Braden, Bennick, Goldstein, Gazaway & Co., Jack Sisk & Co., Jackson & Rhodes, P.C., Malone and Bailey, PLLC, John W. Adair, Jalal Alghani and Vivian Quintero - Cause No. 2001-63909, 55th District Court, Harris County, Texas.

The Company's claims in the suit against John W. Adair ("Adair"), Jalal Alghani ("Alghani") and Vivian Llerena Quintero ("Quintero") involve allegations of fraud, conspiracy and breach of fiduciary duties owed to the Company by Mr. Adair and Mr. Alghani while they were Officers and Directors of the Company prior to their removal from the Board of Directors at the Company's annual shareholders meeting on August 5, 2002. The Company's claims in the suit against Ms. Quintero involve allegations of fraud, conspiracy and breach of fiduciary duties while she was employed by the Company as office manager and personal assistant to Mr. Adair when he was Chairman and CEO of the Company.

After the Company's claims were filed in the suit, Mr. Adair, Mr. Alghani and Ms. Quintero filed "counter claims" against the Company on November 9, 2002 alleging standing to sue as shareholders of the Company. Mr. Adair, Mr. Alghani and Ms. Quintero also filed the above described "counter claims" against Richard G. Boyce, Larry Swift, Gene Ackerman, David Crandall, Chris A. Dittmar, John A. Brush, Charles R. Close, and Shareholders Committed to Restoring Equity Group, Inc. ("SCORE Group").

The Company subsequently filed a motion for summary judgment on April 29, 2003 and the Court on July 11, 2003 again by clarified ruling on September 23, 2003, ordered the Company's motion for summary judgment be granted as to all claims in Defendant's / Counter Plaintiff's second amended petition, including the claim of conspiracy to commit defamation, with the exception of the common law defamation claim against the Company, SCORE Group and Mr. Boyce. The Company has denied the allegation and the Board of Directors has determined it is the best interest of the Company to assume the defense of SCORE Group and Mr. Boyce and to indemnify same in its defense of this sole remaining allegation filed by Mr. Adair, Mr. Alghani and Ms. Quintero.

The Company on August 23 and September 4, 2003 filed amended petitions adding the additional Defendants Chase Mellon Shareholder Services, Inc., Mellon Investor Services, LLC, U.S. Stock Transfer Corporation, Union Securities, Ltd., Merrill, Lynch, Pierce, Fenner & Smith, Inc., Tatiana Roa, Braden, Bennick, Goldstein, Gazaway, & Co., Jack Sisk & Co, Jackson & Rhodes, P.C., John W. Adair, Jalal Alghani and Vivian Llerena Quintero and their co-conspirators, jointly and severally, and in favor of the Company for the sum of up to five hundred million dollars (\$ 500,000,000) in actual damages and punitive damages against each of said Defendants as assessed by the jury and for such other and further relief to which the Company may show to be justly entitled.

Discovery in this case was ongoing before the change of control of the Company occurred as a result of the Annual Shareholders Meeting on August 5, 2002. Since that time and as a result of adding additional parties to the lawsuit as described in the preceding paragraph, extensive additional discovery regarding the facts of this case have been undertaken by the new parties to the lawsuit. The Company and Mr. Boyce have provided responses to all requested discovery. The Company will continue to vigorously pursue this case and has engaged expert witnesses to provide testimony regarding certain aspects of this case. The Court has set a trial date for February 2006.

On February 11, 2005, the Company executed a Stock Purchase, Settlement, And Mutual Release And Indemnity Agreement only with John W. Adair, Jalal Alghani and Vivian Llerena Quintero. On June 17, 2005, the Company executed a Compromise Settlement Agreement And Mutual Release with Jackson & Rhodes, P.C. (Jackson) and a Settlement Agreement And General Release with U.S. Stock Transfer Corporation (USST). Jackson and USST paid a combined total cash payment of \$395,000. The Company received \$233,893 net of expenses of \$161,107. See Forms 8-K filed February 16, 2005 and June 29, 2005. The Company is now the sole plaintiff and is pursuing its claims against all other defendants.

The Company is a party to various claims and litigation. Although no assurances can be given, the Company recognizes, based on its experience to date, that the ultimate resolution of such items, individually or in the aggregate, would not have a material adverse impact on the Company's financial position or results of operations. The Company is currently exploring settlement options.

EnDevCo, Inc. and Subsidiaries
June 30, 2005

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8 -K

(a) Exhibits

31.1 Certification by CEO and CFO pursuant to Section 302 of Sarbanes-Oxley Act of 2002.

32.2 Certification by CEO and CFO pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

The following table details the events reported in the six months ending June 30, 2005 by the Company on Form 8-K. Each filing is incorporated herein by reference.

Filing Date	Description
02/16/2005	Other Events – Notice of Settlement
03/02/2005	Corporate Governance and Management - Departure of Principal Officer or Director

EnDevCo, Inc. and Subsidiaries
June 30, 2005

SIGNATURES

In accordance with the requirements of Section 13 of 15(d) of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 22, 2005.

ENDEVCO, INC.

CHRIS A. DITTMAR
CHRIS A. DITTMAR
CHIEF EXECUTIVE OFFICER AND DIRECTOR

RICHARD G. BOYCE
RICHARD G. BOYCE
CHIEF OPERATING OFFICER AND DIRECTOR

LARRY SWIFT
LARRY SWIFT
CHIEF FINANCIAL OFFICER

JOHN A. BRUSH
JOHN A. BRUSH
NON-EXECUTIVE DIRECTOR

CHARLES R. CLOSE
CHARLES R. CLOSE
NON-EXECUTIVE DIRECTOR

EnDevCo, Inc. and Subsidiaries
June 30, 2005

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A) OR 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934

In connection with the Quarterly Report of EnDevCo, Inc. (the "Company") on Form 10-QSB (the "Report") for the quarter ended June 30, 2005 (the "Reporting Period"), as filed with the Securities Exchange Commission on the date hereof under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the undersigned, Chris A. Dittmar, Chief Executive Officer of the Company, certifies pursuant to Rule 13a-14(a) or 15d-14(a) under the Exchange Act that:

1. I have reviewed the Report.
2. Based on my knowledge, the 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 they are made, not misleading with respect to the Reporting Period.
3. Based on my knowledge, the consolidated financial statements and other financial information included in the Report fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of the date and for the periods reported therein.
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) for the Company and internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) for the Company, and we have:
 - (a) designed those disclosure controls and procedures, or caused them to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by other personnel employed by the Company and its subsidiaries, particularly within the Reporting Period;
 - (b) designed those internal controls over financial reporting, or caused them to be designed under our supervision, to provide reasonable assurances 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 Company's disclosure controls and procedures and presented in the Report our conclusions about the effectiveness of those disclosure controls and procedures, as of the end of the Reporting Period based on that evaluation; and
 - (d) disclosed in the Report any change in the Company's internal control over financial reporting that occurred during the last fiscal quarter of the Reporting Period that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.
5. Based on our most recent evaluation of internal control over financial reporting, the Company's other certifying officer and I have disclosed to the Company's auditors and the audit committee of the Company's board of directors:
 - (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 Company'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 Company's internal control over financial reporting.

CHRIS A. DITTMAR
CHRIS A. DITTMAR
CHIEF EXECUTIVE OFFICER
August 22, 2005

EnDevCo, Inc. and Subsidiaries
June 30, 2005

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A) OR 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934

In connection with the Quarterly Report of EnDevCo, Inc. (the "Company") on Form 10-QSB (the "Report") for the quarter ended June 30, 2005 (the "Reporting Period"), as filed with the Securities Exchange Commission on the date hereof under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the undersigned, Larry Swift, Chief Financial Officer of the Company, certifies pursuant to Rule 13a-14(a) or 15d-14(a) under the Exchange Act that:

1. I have reviewed the Report.
2. Based on my knowledge, the 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 they are made, not misleading with respect to the Reporting Period.
3. Based on my knowledge, the consolidated financial statements and other financial information included in the Report fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of the date and for the periods reported therein.
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) for the Company and internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) for the Company, and we have:
 - (a) designed those disclosure controls and procedures, or caused them to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by other personnel employed by the Company and its subsidiaries, particularly within the Reporting Period;
 - (b) designed those internal controls over financial reporting, or caused them to be designed under our supervision, to provide reasonable assurances 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 Company's disclosure controls and procedures and presented in the Report our conclusions about the effectiveness of those disclosure controls and procedures, as of the end of the Reporting Period based on that evaluation; and
 - (d) disclosed in the Report any change in the Company's internal control over financial reporting that occurred during the last fiscal quarter of the Reporting Period that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.
5. Based on our most recent evaluation of internal control over financial reporting, the Company's other certifying officer and I have disclosed to the Company's auditors and the audit committee of the Company's board of directors:
 - (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 Company'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 Company's internal control over financial reporting.

LARRY SWIFT
LARRY SWIFT
CHIEF FINANCIAL OFFICER
August 22, 2005

EnDevCo, Inc. and Subsidiaries
June 30, 2005

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(B) OR 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

In connection with the Quarterly Report of EnDevCo, Inc. (the "Company") on Form 10-QSB (the "Report") for the quarter ended June 30, 2005, as filed with the Securities Exchange Commission on the date hereof under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the undersigned, Chris A. Dittmar, Chief Executive Officer, certifies pursuant to Rule 13a-14(b) or 15d-14(a) under the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the date and for the periods reported therein.

CHRIS A. DITTMAR
CHRIS A. DITTMAR
CHIEF EXECUTIVE OFFICER
August 22, 2005

EnDevCo, Inc. and Subsidiaries
June 30, 2005

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(B) OR 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

In connection with the Quarterly Report of EnDevCo, Inc. (the "Company") on Form 10-QSB (the "Report") for the quarter ended June 30, 2005, as filed with the Securities Exchange Commission on the date hereof under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the undersigned, Larry Swift, Chief Financial Officer of the Company, certifies pursuant to Rule 13a-14(b) or 15d-14(a) under the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the date and for the periods reported therein.

LARRY SWIFT
LARRY SWIFT
CHIEF FINANCIAL OFFICER
August 22, 2005