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

FORM 10-Q

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

For the quarterly period ended **September 30, 2008**

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

For the transition period from ______________ to ______________

Commission File Number **000-51372**

Omega Flex, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-1948942**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
451 Creamery Way, Exton, PA	**19341**
(Address of principal executive offices)	(Zip Code)

(610) 524-7272

Registrant's telephone number, including area code

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 for 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 [x] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange. (Check one):

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting Company [x]

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 12 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the courts. Yes [ ] No [ ]

The number of shares of the registrant's common stock issued and outstanding as of November 4, 2008 was 10,093,808.

OMEGA FLEX, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

OMEGA FLEX, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	September 30, 2008	December 31 2007
	(Dollars in thousands)	
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$11,196	$13,143
Accounts Receivable - less allowances of $68 and $137, respectively	9,919	10,132
Inventories	10,797	10,567
Note Receivable from former Parent Company	-	3,250
Other Current Assets	1,890	1,884
Total Current Assets	33,802	38,976
Property and Equipment - net	6,694	6,749
Goodwill	3,526	3,526
Other Long Term Assets	533	521
Total Assets	$44,555	$49,772
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	$851	$1,486
Accrued Compensation	1,874	2,692
Accrued Commissions & Sales Incentives	2,601	3,032
Accrued Legal Settlement and Related Costs	33	1,272
Dividends Payable	-	7,092
Other Liabilities	2,728	2,423
Total Current Liabilities	8,087	17,997
Long-Term Portion of Accrued Legal Settlement	-	1,000
Other Long-Term Liabilities	2,223	2,107
Total Liabilities	10,310	21,104
Minority Interests	189	129
Shareholders' Equity:		
Common Stock – par value $0.01 Share: authorized 20,000,000 Shares: 10,093,808 and 10,128,516 shares issued and outstanding at September 30, 2008 and December 31, 2007, respectively	102	102
Treasury Stock, at cost – 59,825 Shares	(1)	---
Paid in Capital	10,832	11,372
Retained Earnings	23,043	16,651
Accumulated Other Comprehensive Income	80	414
Total Shareholders' Equity	34,056	28,539
Total Liabilities and Shareholders' Equity	$44,555	$49,772

See Accompanying Notes to Consolidated Financial Statements.

OMEGA FLEX, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the three-months ended September 30, 2008	2007	For the nine-months ended September 30, 2008	2007
	(Amounts in thousands, except earnings per Common Share)			
Net Sales	$17,699	$18,266	$50,500	$54,799
Cost of Goods Sold	8,837	10,147	25,244	29,744
Gross Profit	8,862	8,119	25,256	25,055
Selling Expense	2,750	2,846	8,054	8,937
General and Administrative Expense	2,118	1,682	5,951	5,437
Legal Settlement and Related Costs	(203)	155	(244)	485
Engineering Expense	510	729	1,627	1,947
Operating Profit	3,687	2,707	9,868	8,249
Interest Income, Net	54	106	223	382
Other (Expense) Income, Net	(58)	43	(84)	87
Income Before Income Taxes	3,683	2,856	10,007	8,718
Income Tax Expense	1,293	1,029	3,615	3,211
Net Income	$2,390	$1,827	$6,392	$5,507
Basic Earnings per Common Share:				
Net Income	$0.24	$0.18	$0.63	$0.54
Basic Weighted Average Shares Outstanding	10,094	10,154	10,102	10,154
Diluted Earnings per Common Share:				
Net Income	$0.24	$0.18	$0.63	$0.54
Diluted Weighted Average Shares Outstanding	10,094	10,154	10,102	10,154

See Accompanying Notes to Consolidated Financial Statements.

OMEGA FLEX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the nine-months ended September 30, 2008	2007
	(Dollars in thousands)	
Cash Flows from Operating Activities:		
Net Income	$6,392	$5,507
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	420	338
Non-Cash Compensation Expense	28	11
Provision for Losses on Accounts Receivable, net of write-offs and recoveries	(69)	64
Change in Minority Interests	60	43
Changes in Operating Assets and Liabilities:		
Accounts Receivable	282	(1,355)
Inventory	(230)	(1,466)
Accounts Payable	(635)	163
Accrued Compensation	(818)	(802)
Accrued Legal Settlement and Related Costs	(2,239)	(5,919)
Other Liabilities	(148)	(873)
Other Assets	(17)	1
Net Cash Provided by (Used In) Operating Activities	3,026	(4,288)
Cash Flows from Investing Activities:		
Receipt of Note Receivable from former Parent Company	3,250	---
Capital Expenditures	(364)	(288)
Net Cash Provided by (Used in) Investing Activities	2,886	(288)
Cash Flows from Financing Activities:		
Treasury Stock Purchase	(540)	---
Dividends Paid	(7,092)	(4,061)
Net Cash Used in Financing Activities	(7,632)	(4,061)
Net Decrease in Cash and Cash Equivalents	(1,720)	(8,637)
Translation effect on cash	(227)	3
Cash and Cash Equivalents – Beginning of Period	13,143	17,424
Cash and Cash Equivalents – End of Period	$11,196	$8,790

See Accompanying Notes to Consolidated Financial Statements.

OMEGA FLEX, INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(All dollars in thousands except per share amounts)

(Unaudited)

1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Omega Flex, Inc. (Omega) and its subsidiaries (collectively the "Company"). The Company's unaudited consolidated financial statements for the quarter ended September 30, 2008 have been prepared in accordance with generally accepted accounting principles, and with the instructions of Form 10-Q and Article 10 of Regulation S-X. All material inter-company accounts and transactions have been eliminated in consolidation. It is Management's opinion that all adjustments necessary for a fair presentation of the results for the interim periods have been made, and that all adjustments are of a normal recurring nature or a description is provided for any adjustments that are not of a normal recurring nature.

Description of Business

The Company is a leading manufacturer of flexible metal hose, which is used in a variety of applications to carry gases and liquids within their particular applications. These applications include carrying liquefied gases in certain processing applications, fuel gases within residential and commercial buildings and vibration absorbers in high vibration applications. Our industrial flexible metal piping is used to carry other types of gases and fluids in a number of industrial applications where the customer requires the piping to have both a degree of flexibility and/or an ability to carry corrosive compounds or mixtures, or to carry at both very high and very low (cryogenic) temperatures.

The Company manufactures flexible metal hose primarily at its facility in Exton, Pennsylvania, with a minor amount of manufacturing performed in the UK, and sells its product through distributors, wholesalers and to original equipment manufacturers ("OEMs") throughout North America, and in certain European markets.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates and assumptions relate to revenue recognition and related sales incentives, accounts receivable valuations, inventory valuations, goodwill valuation, and accounting for income taxes. Actual amounts could differ significantly from these estimates.

Revenue Recognition

The Company's revenue recognition activities relate almost entirely to the manufacture and sale of flexible metal hose and pipe. Under generally accepted accounting principles, revenues are considered to have been earned when the Company has substantially accomplished what it must do to be entitled to the benefits represented by the revenues. The following criteria represent preconditions to the recognition of revenue:

- Persuasive evidence of an arrangement for the sale of product or services must exist.
- Delivery has occurred or services rendered.
- The sales price to the customer is fixed or determinable.
- Collection is reasonably assured.

The Company generally recognizes revenue upon shipment in accordance with the above principles.

Gross sales are reduced for all consideration paid to customers for which no identifiable benefit is received by the Company. This includes promotional incentives, year end rebates, and discounts. The amounts of certain incentives are estimated at the time of sale.

Commissions, for which the Company receives an identifiable benefit, are accounted for as a sales expense.

Earnings per Common Share

Basic earnings per share have been computed using the weighted average number of common shares outstanding. For the periods presented, there are no dilutive securities. Consequently, basic and dilutive earnings per share are the same.

Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at exchange rates prevailing on the balance sheet date. The Statement of Operations is translated into U.S. dollars at average exchange rates. Adjustments resulting from the translation of financial statements are excluded from the determination of income and are accumulated in a separate component of shareholders' equity. Exchange gains and losses resulting from foreign currency transactions are included in operations (other income (expense)) in the period in which they occur.

Income Taxes

The Company accounts for federal tax liabilities in accordance with SFAS No. 109, "Accounting for Income Taxes". Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will either expire before the Company is able to realize the benefit, or that future deductibility is uncertain.

Other Comprehensive (Loss) Income

For the quarters ended September 30, 2008 and 2007, respectively, the components of Other Comprehensive (Loss) Income consisted solely of foreign currency translation adjustments.

New Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 160 "Non-controlling Interests in Consolidated Financial Statements – an amendment of ARB No. 51" ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The Company believes that this new pronouncement will not have any significant impact on the Company's financial statements in future periods.

In December 2007, the FASB issued SFAS No. 141 (R) "Business Combinations" ("SFAS 141R"). SFAS 141R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree. SFAS 141R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The guidance applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The Company believes that this new pronouncement will have an impact on our accounting for future business combinations once adopted, but the effect is dependent upon the acquisitions that are made in the future.

In March 2008, FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133" which establishes the disclosure requirements for derivative instruments and for hedging activities. This Statement amends and expands the disclosure requirements of Statement 133 with the intent to provide users of financial statements with an enhanced understanding of derivative instruments and hedging activities. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early adoption encouraged. We do not expect adoption of SFAS 161 to have a material impact on the Company's financial statements.

In May 2008, the FASB issued SFAS 162, *The Hierarchy of Generally Accepted Accounting Principles.* SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. SFAS 162 will be effective 60 days following the SEC's approval of the Public

Company Accounting Oversight Board amendment to AU 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles.* The Company does not expect the implementation of SFAS 162 to have a material impact on its consolidated financial statements.

Reclassifications

Certain reclassifications have been made to prior years' financial statements to conform to the 2008 presentation.

3. DISTRIBUTION FROM MESTEK, INC. (Spin-Off)

The Company completed a Spin-Off from its former parent, Mestek, Inc. (Mestek) on July 29, 2005. The Company's common shares began trading on the NASDAQ Global Market under the trading symbol "OFLX" on August 1, 2005.

In connection with the Spin-Off, the Company executed certain agreements governing its relationship with Mestek subsequent to the date of the Spin-Off which are disclosed in the initial Form 10 and also discussed in detail in Note 3 of the December 31, 2006 Form 10-K filing.

At the effective date of the Spin-Off, Mestek was indebted to the Company in the amount of $3,250 which was converted on the effective date of the Spin-Off to a 3-year note receivable from Mestek bearing interest at 100 basis points above the then prevailing 3-year US Treasury note yield at approximately 5%. The principal balance of the Note at December 31, 2007 remained $3,250 however; in July of 2008 Mestek paid the entire $3,250 principal note balance and applicable interest in accordance with the above agreement. Interest income recorded on the note was approximately $95 for the nine months ended 2008 and $122 for 2007.

4. INVENTORIES

Inventories consisted of the following at September 30:

	2008 (unaudited)	2007
	(dollars in thousands)	
Finished Goods	$8,260	$7,150
Raw Materials	2,537	3,417
Total Inventory	$10,797	$10,567

5. SHAREHOLDERS' EQUITY
(Amounts in thousands, except share amounts)

As of September 30, 2008 and December 31, 2007, the Company had authorized 20,000,000 common stock shares with par value of $0.01 per share, and had 10,093,808 and 10,128,516 shares issued and outstanding, respectively.

On December 11, 2007, the Board authorized a special dividend of $0.70 per share to all Shareholders of record as of January 3, 2008, which was subsequently paid on January 16, 2008 in the amount of $7,092.

Our future decisions concerning the payment of dividends on our common stock will depend upon our results of operations, financial condition and capital expenditure plans, as well as such other factors as the Board of Directors, in its sole discretion, may consider relevant.

On September 12, 2007, the Company announced that its Board of Directors has authorized the purchase of up to $5,000 of its common stock. The purchases may be made from time-to-time in open market or in privately negotiated transactions, depending on market and business conditions, within the next 24 months. The Board retained the right to cancel, extend, or expand the share buyback program, at any time and from time-to-time. During the first nine months of 2008, the Company purchased 34,708 shares for $540, including commissions. Since inception, the Company has purchased in total 59,825 shares for approximately $907 or $15 per share.

In connection with the aforementioned share buyback program, the Company has entered into a Rule 10b5-1 Repurchase Plan (the "Plan") as of September 15, 2008 with Hunter Associates, Inc. ("Hunter"), by which Hunter will continue to implement the share buyback program by purchasing shares of the Company's common stock in accordance with the terms of the Plan and within the safe harbor afforded by Rule 10b5-1.

6. COMMITMENTS AND CONTINGENCIES

Commitments:

On September 5, 2006 the Company and other defendants entered into a Stipulation and Settlement Agreement with the Class Representatives and Class Counsel, to settle and resolve the allegations brought forth in the lawsuit titled *Lovelis, et al. v. Titeflex Corp., Inc., et al.* in the Arkansas Circuit Court, Clark County. Both the Company and the other defendants denied these allegations, and denied any wrongdoing or legal liability, but agreed to settle this matter to avoid further cost and the uncertainty and risk of the outcome of further litigation. Under the Settlement Agreement, the Company agreed to pay the value of each payment voucher redeemed by a class member for the installation of a lightning protection system or bonding and grounding of the Company's CSST product. The amount of the voucher is dependent on the geographical area in the United States where the building is located and the size of the heated or air-conditioned area of the building. The Company also agreed to pay a fixed amount of administrative expenses and attorneys' fees to the Class Counsel. The Company estimated that the total amount of the liability relating to the settlement of the litigation would fall within a range of approximately $8,810 and $10,200. Thus far, the actual results appear to be reaching closure towards the bottom of the range, since the Company has paid approximately $8,424 related to the Settlement with a remaining liability of $24 classified in current liabilities. This amount is based on currently available information and certain estimates and judgments, and is subject to revision as actual claims are received. Based on the most recent information as provided by the claims administrator, the Company was able to reduce the liability by $212 in the third quarter of 2008, as the estimated outstanding claim charges reach closure. As of September 30, 2008, the third party administrator of the settlement program has received 775 claims relating to the Company's products in connection with the Settlement, but only 260 class members actually contracted with a third party contractor to perform the work. In addition, there is a $9 current liability for legal services related to the Settlement.

Included in the payments noted above, and as indicated in Note 15 of the Company's December 31, 2007 Form 10-K, on February 4, 2008, the Company reached an agreement for final payment relating to the class action settlement, excluding the outstanding vouchers. This final payment, which was made on March 3, 2008, in the amount of $1,850, represents the $1,000 current portion due as previously disclosed, and the remaining $1,000 long-term portion which was due in March of 2009, less a $150 (15%) reduction resulting from early payment.

Under a number of indemnity agreements between the Company and each of its officers and directors, the Company has agreed to indemnify each of its officers and directors against any liability asserted against them in their capacity as an officer or director, or both. The Company's indemnity obligations under the indemnity agreements are subject to certain conditions and limitations set forth in each of the agreements. Under the terms of the Agreement, the Company is contingently liable for costs which may be incurred by the officers and directors in connection with claims arising by reason of these individuals' roles as officers and directors.

The Company has entered into salary continuation agreements with two employees, which provide for monthly payments to each of the employee or his designated beneficiary upon the employee's retirement or death. The payment benefits range from $1 per month to $3 per month with the term of such payments limited to 15 years after the employee's retirement at age 65. The agreements also provide for survivorship benefits if the employee dies before attaining age 65, and severance payments if the employee is terminated without cause, the amount of which is dependent on the length of company service at the date of termination. The net present value of the retirement payments is included in Other Long-Term Liabilities, which amounts to $340 for September 30, 2008 and $312 at December 31, 2007. The Company has obtained and is the beneficiary of three whole life insurance policies in respect of the two employees discussed above, and one other policy. The cash surrender value of such policies (included in Other Assets) amounts to $533 at September 30, 2008 and $521 at December 31, 2007.

Contingencies:

The Company retains significant obligations under its commercial insurance policies for losses occurring in the policy years in which it was a subsidiary of Mestek, Inc. For the policy year ending October 1, 2004, the Company retained liability for the first $2,000 per occurrence of commercial general liability claims (including product liability claims), subject to an agreed aggregate. In addition, for 2004 the Company retained liability for the first $250 per occurrence of workers compensation coverage, subject to an agreed aggregate. However, for policy years beginning on July 22, 2005 (the effective date of the Spin-Off), the Company retained liability for a maximum of $50 per occurrence of commercial liability claims (including products liability claims), subject to an agreed aggregate, and the Company is insured on a 'first dollar' basis for workers' compensation subject to statutory limits.

The Company's liability is limited to $35 per case and an aggregate of $660 annually for health insurance.

Warranty Commitments:

Gas transmission products such as those made by the Company carry potentially serious personal injury risks in the event of failures in the field. As a result, the Company has extensive internal testing and other quality control procedures and historically the Company has not had a meaningful failure rate in the field due to the extensive nature of these quality controls. Due to the Company's quality systems, the warranty expense is *de minimis*, and accordingly, the Company does not maintain a warranty reserve beyond a nominal amount.

7. STOCK – BASED COMPENSATION PLANS
(Amounts in thousands, except units)

Phantom Stock Plan

Plan Description. On April 1, 2006, the Company adopted the Omega Flex, Inc. 2006 Phantom Stock Plan (the "Plan"). The Plan authorizes the grant of up to one million units of phantom stock to employees, officers or directors of the Company and of any of its subsidiaries. The phantom stock units ("Units") each represent a contractual right to payment of compensation in the future based on the market value of the Company's common stock. The Units are not shares of the Company's common stock, and a recipient of the Units does not receive any of the following:

- ownership interest in the Company
- shareholder voting rights
- dividends or distributions
- other incidents of ownership to the Company's common stock

The Units are granted to participants upon the recommendation of the Company's CEO, and the approval of the compensation committee. Each of the Units that are granted to a participant will be initially valued by the compensation committee, and at a minimum, the Unit's value will be in an amount equal to the closing price of the Company's common stock on the grant date. The Units have a vesting schedule, with a maximum vesting schedule of 3 years after the grant date. Upon vesting, the Units represent a contractual right to the payment of the value of the Unit. The Units will be paid on their maturity date, which is a maximum of one year after all of the Units granted in a particular award have fully vested. The amount to be paid to the participant on the maturity date is dependant on the type of Unit granted to the participant. The Units may be *Full Value,* in which the value of each Unit at the maturity date, will equal the closing price of the Company's common stock as of the maturity date; or *Appreciation Only*, in which the value of each Unit at the maturity date will be equal to the closing price of the Company's common stock at the maturity date *minus* the closing price of the Company's common stock at the grant date.

In certain circumstances, the Units may be immediately vested upon the participant's death or disability. All Units granted to a participant are forfeited if the participant is terminated from his relationship with the Company or its subsidiary for "cause," which is defined under the Plan. If a participant's employment or relationship with the Company is terminated for reasons other than for "cause," then any vested Units will be paid to the participant upon termination. However, Units granted to certain "specified employees" as defined in Section 409A of the Internal Revenue Code will be paid approximately 181 days after that termination.

Grants of Phantom Stock Units. As of December 31, 2007, the Company had 2,724 units outstanding, all of which were granted at *Full Value*. On March 6, 2008, the Company granted an additional 5,076 *Full Value* Units with a total face value of $80 (fair value at grant date of approximately $70). In all cases, the grant price was equal to the closing price of the Company's common stock at the grant date.

The Company uses the Black-Scholes option pricing model as its method for determining fair value of the Units. The Company uses the straight-line method of attributing the value of the stock-based compensation expense relating to the Units. The compensation expense (including adjustment of the liability to its fair value) from the Units is recognized over the service or vesting period of each grant or award.

Statement 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates in order to derive the Company's best estimate of awards ultimately to vest. Forfeitures represent only the unvested portion of a surrendered Unit and are typically estimated based on historical experience. As of October 8, 2007, in connection with an officer's resignation, a total of 2,874 unvested units were forfeited, however; based on an analysis of the Company's historical data, which has limited experience related to any stock-based plan forfeitures, the Company applied a 0% forfeiture rate to Plan Units outstanding in determining its Plan Unit compensation expense for September 30, 2008.

In accordance with SFAS 123R, the Company recorded compensation expense of approximately $28 in 2008 related to the Phantom Stock Plan.

The fair value of the Units granted through the first nine months September 30, 2008 using the Black-Scholes option-pricing model, uses the following assumptions:

	Expected Term	Expected Volatility Factor	Expected Dividend Amount	Risk-Free Interest Rate
2007	3.0	111.00%	1.93%	4.46%
2008	3.0	87.95%	4.27%	1.77%

The Company has elected to use the "Simplified" method for calculating the Expected Term in accordance with SAB 107, and has opted to use the Expected Dividend Amount rather than an Expected Dividend Yield.

The following table summarizes information about Phantom Stock Units for the nine month period ending on September 30, 2008:

	Units	Weighted Average Grant Date Fair Value
Number of Phantom Stock Unit Awards:		
Outstanding at December 31, 2007	2,724	$20.38
Granted	5,076	$13.86
Vested	(908)	$20.38
Forfeited	(---)	($---)
Canceled	(---)	($---)
Outstanding at September 30, 2008	6,892	$16.74
Phantom Stock Unit Awards Expected to Vest	6,892	$16.74

At September 30, 2008, 908 of the Units have vested. The Units granted are expected to vest in one year intervals over three years, subject to earlier termination or forfeiture.

As of September 30, 2008, the unrecognized compensation costs related to Plan Units vesting will be primarily recognized over a period of approximately 3 years.

Fiscal year ending	2008	2009	2010	2011	Total
Compensation Expense	$10	$42	$27	$4	$83

The Units outstanding and exercisable at September 30, 2008 were in the following exercise price ranges:

Units Outstanding

Year	Range of Exercise Price	Number of Units Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Aggregate Intrinsic Value
2007	$22.02	2,724	1.41	$22.02	1
2008	$15.76	5,076	2.42	$15.76	34

Units Exercisable

Year	Range of Exercise Price	Number of Units Exercisable	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Aggregate Intrinsic Value
2007	$22.02	---	1.41	$22.02	1
2008	$15.76	---	2.42	$15.76	34

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

This report contains forward-looking statements, which are subject to inherent uncertainties. These uncertainties include, but are not limited to, variations in weather, changes in the regulatory environment, customer preferences, general economic conditions, increased competition, the outcome of outstanding litigation, and future developments affecting environmental matters. All of these are difficult to predict, and many are beyond the ability of the Company to control.

Certain statements in this Quarterly Report on Form 10-Q that are not historical facts, but rather reflect the Company's current expectations concerning future results and events, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believes", "expects", "intends", "plans", "anticipates", "hopes", "likely", "will", and similar expressions identify such forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company, or industry results, to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's view only as of the date of this Form 10-Q. The Company undertakes no obligation to update the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, conditions or circumstances.

OVERVIEW

The Company is a leading manufacturer of flexible metal hose, and is currently engaged in a number of different markets, including construction, manufacturing, transportation, petrochemical, pharmaceutical and other industries.

The Company's business is controlled as a single operating segment that consists of the manufacture and sale of flexible metal hose and accessories. The Company's products are concentrated in residential and commercial construction, and general industrial markets. The Company's primary product line, flexible gas piping, is used for gas piping within residential and commercial buildings. Through its flexibility and ease of use with patented fittings distributed under the trademark AutoFlare®, the TracPipe® and CounterStrike® flexible gas piping systems allows users to substantially cut the time required to install the gas piping, as compared to traditional methods. Most of the Company's products are manufactured at the Company's Exton, Pennsylvania facility with a minor amount of manufacturing performed in the UK. A majority of the Company's sales across all industries are generated through independent outside sales organizations such as sales representatives, wholesalers and distributors, or a combination of both. The Company has a broad distribution network in North America and to a lesser extent in other global markets.

CHANGES IN FINANCIAL CONDITION
(All dollars in thousands)

During 2008, the Company's cash balance has decreased $1,947 from $13,143 at December 31, 2007 to $11,196 at September 30, 2008. Some of the more significant reductions that affected our cash balance were a $7,092 special dividend payment made on January 16, 2008, and a payment of $1,850 on March 3, 2008 to the Settlement Agreement as outlined in Note 15 of the year-end Form 10-K. Those payments were partially offset by cash generated from the receipt of the $3,250 Mestek note, and operations for the year.

In July of 2008, the Company received the entire $3,250 principal note balance and applicable interest from Mestek in accordance with the agreement mentioned in Note 3, Distribution from Mestek, Inc. (Spin-off) thus reducing the balance from December 31, 2007.

The $1,850 Settlement Agreement payment noted above is reflected as a $1,000 reduction to both the current and long-term accrued legal settlement liabilities.

As discussed in Note 5, Shareholders' Equity, in December of 2007 the Company declared a dividend in December 2007, which amounted to $7,092. The Company subsequently paid the dividend on January 16, 2008.

RESULTS OF OPERATIONS
(All dollars in thousands)

Three-months ended September 30, 2008 vs. September 30, 2007

The Company reported comparative results from continuing operations for the three-month period ended September 30, 2008 and 2007 as follows:

	Three-months ended September 30, (in thousands)			
	2008 ($000)	2008 %	2007 ($000)	2007 %
Net Sales	$17,699	100.0%	$18,266	100.0%
Gross Profit	$ 8,862	50.1%	$ 8,119	44.4%
Operating Profits	$ 3,687	20.8%	$ 2,707	14.8%

The Company's sales decreased $567 (3.1%) from $18,266 in the three-month period ended September 30, 2007 as compared to $17,699 in the three-month period September 30, 2008.

Revenue for the three-months ended September 30, 2008 reflects continued weakness in the residential construction industry, which was offset somewhat by gains in market share in residential, non-residential and international construction markets. Overall, volume for the quarter was down 10.2% compared to the prior year quarter, partially offset by a favorable product mix and higher selling prices.

The Company's gross profit margins increased from 44.4% in the three-month period ended September 30, 2007 to 50.1% in the three-month period ended September 30, 2008. The increase in margin is primarily the result of the sales factors mentioned above combined with lower raw material costs, in particular stainless steel, and other manufacturing efficiencies.

Selling Expenses. Selling expenses consist primarily of employee salaries and associated overhead costs, commissions, and the cost of marketing programs such as advertising, trade shows and related communication costs, and freight. Selling expense was $2,846 and $2,750 for the three months ended September 30, 2007 and 2008, respectively. The reduction was largely attributable to decreases in commissions and freight related to sales volume, as well as a decrease in employee resources. Sales expense as a percentage of sales decreased slightly from 15.6% for the three-months ended September 30, 2007 to 15.5% for the three-months ended September 30, 2008.

General and Administrative Expenses. General and administrative expenses consist primarily of employee salaries, benefits for administrative, executive and finance personnel, legal and accounting, and corporate general and administrative services. General and administrative expenses were $1,682 and $2,118 for the three months ended September 30, 2007 and 2008, respectively. The increase reflects various items such as employee related expenses, accounting charges and fiduciary fees. As a percentage of sales, general and administrative expenses increased from 9.2% for the three months ended September 30, 2007 to 12.0% for the three months ended September 30, 2008.

Legal Settlement and Related Costs. Legal charges related to the Arkansas litigation in the three months ended September 30, 2007 and 2008, were $155 and ($203), respectively. As disclosed in Note 6, Commitments and Contingencies, the majority of the costs associated with this litigation are behind the Company. In addition, the Company recognized a $212 benefit in the three months ended September 30, 2008 due to new information provided by the claims administrator relative to the closure of the outstanding estimated claim charges.

Engineering Expense. Engineering expenses consist of development expenses associated with the development of new products and enhancements to existing products, and manufacturing engineering costs. Engineering expenses were $729 and $510 for the three months ended September 30, 2007 and 2008 respectively. Engineering expenses as a percentage of sales were 4.0% for the three months ended September 30, 2007 and 2.9% for the three months ended September 30, 2008. The decrease in engineering costs is substantially due to a decrease in development expenses.

Reflecting all of the factors mentioned above, Operating Profit increased $980 from a profit of $2,707 in the three-month period ended September 30, 2007 to a profit of $3,687 in the three-month period ended September 30, 2008.

Interest Income-Net. Interest income-net includes interest income on the note receivable from Mestek and interest income on our interest-bearing investments.

Other (Expense) Income-Net. Other Income-net primarily consists of foreign currency exchange gains (losses) on transactions.

Income Tax Expense. The Company's effective tax rate in 2008 approximates the 2007 rate and does not differ materially from expected statutory rates.

Nine-months ended September 30, 2008 vs. September 30, 2007

The Company reported comparative results from continuing operations for the nine-month period ended September 30, 2008 and 2007 as follows:

	Nine-months ended September 30, (in thousands)			
	2008 ($000)	2008 %	2007 ($000)	2007 %
Net Sales	$50,500	100.0%	$54,799	100.0%
Gross Profit	$25,256	50.0%	$25,055	45.7%
Operating Profits	$ 9,868	19.5%	$ 8,249	15.1%

The Company's sales decreased $4,299 (7.8%) from $54,799 in the nine-month period ended September 30, 2007 as compared to $50,500 in the nine-month period September 30, 2008.

Revenue for the nine-months ended September 30, 2008 reflects continued weakness in the residential construction industry, which was offset somewhat by gains in market share in residential, non-residential and international construction markets. Overall volume for the nine months was down 18.6% compared to the prior year, partially offset by a favorable product mix and higher selling prices.

The Company's gross profit margins increased from 45.7% in the nine-month period ended September 30, 2007 to 50.0% in the nine-month period ended September 30, 2008. The increase in margin is primarily the result of the sales factors mentioned above combined with lower raw material costs, in particular stainless steel. Additionally, manufacturing efficiencies contributed to improved margins.

Selling Expenses. Selling expenses consist primarily of employee salaries and associated overhead costs, commissions, and the cost of marketing programs such as advertising, trade shows and related communication costs, and freight. Selling expense was $8,937 and $8,054 for the nine months ended September 30, 2007 and 2008, respectively. The reduction was largely attributable to decreases in commissions and freight related to sales volume, as well as a decrease in employee resources. Sales expense as a percentage of sales decreased from 16.3% for the nine-months ended September 30, 2007 to 15.9% for the nine-months ended September 30, 2008.

General and Administrative Expenses. General and administrative expenses consist primarily of employee salaries, benefits for administrative, executive and finance personnel, legal and accounting, and corporate general and administrative services. General and administrative expenses were $5,437 and $5,951 for the nine months ended September, 2007 and 2008, respectively. The increase reflects various items such as employee related expenses, accounting charges and fiduciary fees. General and administrative expense, as a percentage of sales, increased from 9.9% for the nine months ended September 30, 2007 to 11.8% for the nine months ended September 30, 2008.

Legal Settlement and Related Costs. Legal charges related to the Arkansas litigation in the nine months of 2007 and 2008, were $485 and ($244), respectively. The Company recognized a $150 reduction in legal costs in 2008 due to the early class action settlement payment in March of 2008 as disclosed in Note 6, Commitments and Contingencies, and a $212 benefit in the three months ended September 30, 2008 due to new information provided by the claims administrator relative to the closure of the outstanding estimated claim charges. The majority of the costs associated with this litigation are now behind the Company.

Engineering Expense. Engineering expenses consist of development expenses associated with the development of new products and enhancements to existing products, and manufacturing engineering costs. Engineering expenses were $1,947 and $1,627 for the nine months ended September 30, 2007 and 2008 respectively. The decrease is primarily connected to reduced developmental expenses. Engineering expenses as a percentage of sales decreased from 3.6% for the nine months ended September 30, 2007 to 3.2% for the nine months ended September 30, 2008.

Reflecting all of the factors mentioned above, Operating Profit increased $1,619 from a profit of $8,249 in the nine-month period ended September 30, 2007 to a profit of $9,868 in the nine-month period ended September 30, 2008.

Interest Income-Net. Interest income-net includes interest income on the note receivable from Mestek and interest income on our interest-bearing investments.

Other (Expense) Income-Net. Other Income-net primarily consists of foreign currency exchange gains (losses) on transactions.

Income Tax Expense. The Company's effective tax rate in 2008 approximates the 2007 rate and does not differ materially from expected statutory rates.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

(All dollars are in thousands)

Financial Reporting Release No. 60, released by the Securities and Exchange Commission, requires all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. Note 2 of the Notes to the Consolidated Financial Statements include a summary of the significant accounting policies and methods used in the preparation of our Consolidated Financial Statements. The following is a brief discussion of the Company's more significant accounting policies.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates and assumptions relate to revenue recognition, accounts receivable valuations, inventory valuations, goodwill and intangible asset valuations, product liability costs, workers compensation claims reserves, health care claims reserves, and accounting for income taxes. Actual amounts could differ significantly from these estimates.

Our critical accounting policies and significant estimates and assumptions are described in more detail as follows:

Revenue Recognition

The Company's revenue recognition activities relate almost entirely to the manufacture and sale of flexible metal hose and pipe. Under generally accepted accounting principles, revenues are considered to have been earned when the Company has substantially accomplished what it must do to be entitled to the benefits represented by the revenues. The following criteria represent preconditions to the recognition of revenue:

- Persuasive evidence of an arrangement for the sale of product or services must exist.
- Delivery has occurred or services rendered.
- The sales price to the customer is fixed or determinable.
- Collection is reasonably assured.

The Company generally recognizes revenue upon shipment in accordance with the above principles.

Gross sales are reduced for all consideration paid to customers for which no identifiable benefit is received by the Company. This includes promotional incentives, year-end rebates, and discounts. The amounts of certain incentives are estimated at the time of sale.

Commissions, for which the Company receives an identifiable benefit, are accounted for as a sales expense.

Accounts Receivable

Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. The estimated allowance for uncollectible amounts is based primarily on specific analysis of accounts in the receivable portfolio and historical write-off experience. While management believes the allowance to be adequate, if the financial condition of the Company's customers were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required.

Inventory

Inventories are valued at the lower of cost or market. Cost of inventories are determined by the first-in, first-out (FIFO) method. The Company generally considers inventory quantities beyond two-years' usage, measured on a historical usage basis, to be excess inventory and reduces the gross carrying value of inventory accordingly.

Goodwill and Intangible Assets

In accordance with FAS 142, the Company ceased recording amortization of goodwill and intangible assets with indefinite lives effective January 1, 2002. The Company performed its annual impairment test in accordance with FAS 142 as of December 31, 2007 which indicated no impairment of goodwill.

Product Liability Reserves

As explained more fully under Contingencies, the Company retains liability for the first \$50 of product liability claims. To date, the Company has not experienced a meaningful product failure rate.

Workers Compensation Claims Reserves

The Company is insured on a 'first dollar' basis for workers compensation.

Health Care Claim Reserves

The Company's liability is limited to $35 per case and an aggregate of $660 annually.

Accounting for Income Taxes

The Company accounts for federal tax liabilities in accordance with SFAS No. 109, "Accounting for Income Taxes". Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will either expire before the Company is able to realize the benefit, or that future deductibility is uncertain.

LIQUIDITY AND CAPITAL RESOURCES

(All amounts in thousands except share amounts)

Nine Months ended September 30, 2008

As of September 30, 2008, the Company had $11,196 in consolidated cash, cash equivalents and short-term investments, which is $1,947 less than at December 31, 2007, mostly resulting from cash payments of $7,092 for a special dividend, and $1,850 related to the Legal Settlement discussed in Note 6. The decrease was partially offset by cash generated from the receipt of the $3,250 Mestek note, and from earnings for the year.

Operating Activities

Cash provided by operations for the first nine months of 2008 was $3,026 compared with $4,288 used in the first nine months of 2007; a $7,314 increase. The most significant component was the $6,000 payment related to the Legal Settlement made in the first nine months of 2007, versus $1,850 paid for the settlement in 2008.

Investing Activities

Capital spending was $364 and $288 in the first nine months ended September 30, 2008 and September 30, 2007, respectively.

As stated in Note 3, in July of 2008 Mestek paid the entire $3,250 principal note balance and applicable interest in accordance with the above agreement.

Financing

Cash used in financing activities during the first nine months of 2008 was $7,632 compared with $4,061 used in the first nine months of 2007. The primary component for the first nine months of 2008 was the $7,092 payment related to the special dividend.

On September 12, 2007, the Company announced that its Board of Directors has authorized the purchase of up to $5,000 of its common stock. The purchases may be made from time-to-time in open market or in privately negotiated transactions, depending on market and business conditions, within the next 24 months. The Board retained the right to cancel, extend, or expand the share buyback program at any time and from time-to-time. During the first nine months of 2008, the Company had purchased 34,708 shares of treasury stock for $540.

In September 2008, the Company renewed the Revolving Line of Credit Note and Loan Agreement with Sovereign Bank, N.A. that was originally established in September of 2007. The line of credit facility is for a one-year duration, and in the maximum amount of $7,500. The loan agreement provides for the payment of any loan under the agreement at a rate that is either prime rate less 1% or LIBOR rate plus 1%. As of September 30, 2008 the Company does not have any loans or loan balances, under the loan agreement.

The Company believes its liquidity position as of September 30, 2008 is fully adequate to meet foreseeable future needs and that the Company will possess adequate cash reserves to meet its day-to-day needs including any acquisitions or capital expenditures or stock repurchases it can reasonably foresee at this time.

CONTINGENT LIABILITIES AND GUARANTEES

See Note 6 to the Company's financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

Refer to Item 7 of the Company's 2007 year-end Form 10-K under the caption "Tabular Disclosure of Contractual Obligations and Off-Balance Sheet Arrangements".

Item 3. Quantitative And Qualitative Information About Market Risks

The Company does not engage in the purchase or trading of market risk sensitive instruments. The Company does not presently have any positions with respect to hedge transactions such as forward contracts relating to currency fluctuations. No market risk sensitive instruments are held for speculative or trading purposes.

Item 4 – Controls And Procedures

(a) Evaluation of Disclosure Controls and Procedures.

At the end of the fiscal third quarter of 2008, the Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures. The Company's disclosure controls and procedures are designed to ensure that the Company records, processes, summarizes and reports in a timely manner the information required to be disclosed in the periodic reports filed by the Company with the Securities and Exchange Commission. The Company's management, including the chief executive officer and chief financial officer have conducted an evaluation of the effectiveness of the design and operation of the Company's Disclosure Controls and Procedures as defined in the Rule 13a-15(e) of Securities Exchange Act of 1934. Based on that evaluation, the chief executive officer and chief financial officer have concluded that, as of the date of this report, the Company's disclosure controls and procedures are effective to provide reasonable assurance of achieving the purposes described in Rule 13a-15(e), and no changes are required at this time.

(b) Changes in Internal Controls.

There was no change in the Company's "internal control over financial reporting" (as defined in rule 13a-15(f) of the Securities Exchange Act of 1934) identified in connection with the evaluation required by Rule 13a-15(d) of the Securities Exchange Act of 1934 that occurred during the six-month period covered by this Report on Form 10-Q that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting subsequent to the date the chief executive officer and chief financial officer and principal accounting officer completed their evaluation.

PART II - OTHER INFORMATION

Item 1 – Legal Proceedings
(Dollars in Thousands)

On September 4, 2006, the Company entered into the Stipulation and Settlement Agreement between the Class Representatives and Class Counsel and the Company and all of the other defendants in the lawsuit titled "Lovelis, et al. v. Titeflex, Inc., et al." The Settlement Agreement was filed on September 5, 2006 in the Arkansas Circuit Court in Clark County, preliminarily settling all of the allegations set forth in the lawsuit. On September 6, 2006, the Company issued a press release and filed a Current Report on Form 8-K with the Securities and Exchange Commission regarding the settlement. On February 1, 2007, the Circuit Court gave final approval of the Settlement Agreement and dismissed the case. The remedial program provided under the Settlement Agreement, processed claims from class members during the claim period. The deadline for submitting any claims was September 5, 2007, and substantially all work relating to those claims has been completed.

On May 23, 2008, the Company received a favorable verdict in its claims of patent infringement against Parker Hannifin Corporation, and specifically that the Omega Flex patents at issue in that case were valid. As a result, a judgment has been entered by the court requiring Parker Hannifin to pay the Company approximately $1,127 in damages, interest and costs. Parker Hannifin has filed post trial motions, and payment of the damages, interest and costs have been stayed pending resolution of that appeal.

See Note 6 – Contingencies of the Notes to the Condensed Consolidated Financial Statements (Part 1, Item 1) for information regarding legal proceedings in which we are involved.

Item 4 – Submission of Matters to a Vote of the Security Holders

No matters were submitted to the security holders of the Company for a vote during the third quarter of 2008.

Item 6 - Exhibits

Exhibit No.	Description
10.1	Rule 10B5-1 Repurchase Plan dated September 15, 2008 between Omega Flex, Inc. and Hunter Associates, Inc.
31.1	Certification of Chief Executive Officer of Omega Flex, Inc. pursuant to Rule 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer of Omega Flex, Inc. pursuant to 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32.1	Certification of Chief Executive Officer and Chief Financial Officer of Omega Flex, Inc., pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OMEGA FLEX, INC.
(Registrant)

Date: November 10, 2008

By: /S/ Paul J. Kane
Paul J. Kane
Vice President – Finance
and Chief Financial Officer

EXHIBIT 10.1

RULE 10B5-1 REPURCHASE PLAN

This Rule 10b5-1 Repurchase Plan, dated September 15, 2008 (this "**Repurchase Plan**"), is between **Omega Flex, Inc.**, with principal executive offices located at 213 Court St., Suite 701, Middletown, CT, 06457 (the "**Issuer**"), and **Hunter Associates, Inc.**, with principal executive offices at 436 Seventh Avenue, Koppers Building, Fifth Floor, Pittsburgh, PA, 15219 ("**Hunter**").

WHEREAS, on September 10, 2007, the Board of Directors of the Issuer approved a stock repurchase program for the repurchase of shares of the Issuer's common stock, $0.01 par value per share (the "**Common Stock**") for up to $5,000,000, over a period of twenty-four months (the "**Repurchase Program**"); and

WHEREAS, the Issuer has effected repurchases of 59,824 shares of Common Stock to date for an aggregate of $898,923.00; and

WHEREAS, the Issuer desires to engage Hunter to effect future repurchases within the safe harbor afforded by Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and in accordance with the terms and conditions set forth in this Repurchase Plan and Hunter desires to be so engaged;

NOW, THEREFORE, the Issuer and Hunter hereby agree as follows:

1. (a) Subject to the Issuer's continued compliance with Section 2 hereof, and subject to Section 4, Hunter will effect purchases (each, a "**Purchase**") of shares of the Common Stock on each day on which the NASDAQ Global Market (the "**NASDAQ**") is open for trading and the Common Stock trades regular way on the NASDAQ at a price not to exceed the price per share determined by the special committee of the Issuer's board of directors and communicated in writing to Hunter concurrently with this Agreement, up to an aggregate expenditure of $4,101,077 (the "**Total Plan Amount**").

(b) Hunter may make Purchases in the open market or through privately negotiated transactions. Hunter shall not make Purchases that are (1) the opening purchase in the consolidated reporting system, and/or (2) executed within 30 minutes of the opening or closing of the applicable daily trading system. The Issuer agrees not to take any action that would cause Purchases not to comply with Rule 10b5-1 of the Exchange Act.

2. The Issuer agrees to pay to Hunter a commission of $0.15 per share of Common Stock repurchased pursuant to this Repurchase Plan. In accordance with Hunter's customary procedures, Hunter will deposit shares of Common Stock purchased hereunder into an account established by Hunter for the Issuer against payments to Hunter of the purchase price therefore and commissions and other amounts in respect thereof payable pursuant to this Section. The Issuer will be notified of all transactions pursuant to customary trade confirmations.

3. (a) This Repurchase Plan shall become effective on October 13, 2008 and shall terminate upon the first to occur of the following:

(1) the one year anniversary of the date hereof;

(2) the purchase of the Total Plan Amount pursuant to this Repurchase Plan;

(3) the end of the second business day following the date of receipt by Hunter of notice of early termination by Issuer of this Agreement substantially in the form of Exhibit A hereto;

(4) the end of the second business day following the date of receipt by Issuer of notice of early termination by Hunter of this Agreement substantially in the form of Exhibit B hereto;

(5) the commencement of any voluntary or involuntary cause or other proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or similar law or seeking the appointment of a trustee, receiver or other similar official, or the taking of any corporate action by the Issuer to authorize or commence any of the foregoing;

(6) the public announcement of a tender or exchange offer for the Common Stock or of a merger, acquisition, recapitalization or other similar business combination or transaction as a result of which the Common Stock would be exchanged for or converted into cash, securities or other property; or

(7) the failure of the Issuer to comply with Section 2 hereof.

(b) The provisions of Sections 2 and 13 of this Repurchase Plan shall survive any termination of this Repurchase Plan. In addition, the Issuer's obligation under Section 2 (as same relates to the Issuer's obligation to compensate Hunter) in respect of any shares of Common Stock purchased prior to any termination hereof shall survive any termination hereof.

4. The Issuer understands that Hunter may not be able to effect a Purchase due to a market disruption or a legal, regulatory or contractual restriction or internal policy applicable to Hunter or otherwise. If any Purchase cannot be executed as required by Section 1 due to a market disruption, a legal, regulatory or contractual restriction or internal policy applicable to Hunter or any other event, such Purchase shall be cancelled and shall not be effective pursuant to this Repurchase Plan. Hunter agrees to effect such Purchase as promptly as practicable after the cessation or termination of such market disruption, applicable restriction or other event.

5. The Issuer represents and warrants that: (a) the repurchase of Common Stock pursuant to this Repurchase Plan has been duly authorized by the Issuer, is consistent with the Issuer's publicly announced Repurchase Program and is not prohibited or restricted by any legal regulatory or contractual restriction or undertaking binding on the Issuer; (b) it is not aware of material, nonpublic information with respect to the Issuer or any securities of the Issuer (including the Common Stock); (c) it is entering into this Repurchase Plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 under the Exchange Act or

other applicable securities laws; and (d) its execution of this Repurchase Plan, and the Purchases contemplated hereby do not and will not violate or conflict with the Issuer's certificate of incorporation or by-laws or, if applicable, any similar constituent document, or any law, rule, regulation or agreement binding on or applicable to the Issuer or any of its subsidiaries or any of its or their property or assets. The Issuer shall immediately notify Hunter if the Issuer becomes subject to a legal, regulatory or contractual restriction or undertaking that would prevent Hunter from making Purchases pursuant to this Repurchase Plan and, in such case, the Issuer and Hunter will cooperate to amend or otherwise revise this Repurchase Plan to take into account such legal, regulatory or contractual restriction or undertaking provided that neither party shall be required to take any action that would be inconsistent with the requirements of Rule 10b5-1.

6. It is the intent of the parties that this Repurchase Plan comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act, and this Repurchase Plan shall be interpreted to comply with the requirements thereof.

7. At the time of the Issuer's execution of this Repurchase Plan, the Issuer has not entered into a similar agreement with respect to the Common Stock. The Issuer agrees not to enter into any such agreement while this Repurchase Plan remains in effect.

8. Except as specifically contemplated hereby, the Issuer shall be solely responsible for compliance with all statutes, rules and regulations applicable to the Issuer and the transactions contemplated hereby, including, without limitation, reporting and filing requirements.

9. This Repurchase Plan shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania and may be modified or amended only by a writing signed by the parties hereto.

10. Except as contemplated by Section 3(a)(3) of this Repurchase Plan, the Issuer acknowledges and agrees that it does not have authority, influence or control over any Purchase effected by Hunter pursuant to this Repurchase Plan and the Issuer will not attempt to exercise any authority, influence or control over Purchases. Notwithstanding any provision contained herein to the contrary, the Issuer may suspend or terminate this Repurchase Plan at any time so long as the determination to suspend or terminate this Repurchase Plan is made in good faith and not as part of a plan or scheme to evade its prohibitions of Rule 10b-5 under the Exchange Act or any other U.S. Securities laws. Hunter agrees not to seek advice from the Issuer with respect to the manner in which it effects Purchases under this Repurchase Plan.

11. The Issuer agrees to indemnify and hold harmless Hunter and its affiliates, principals, officers, directors, employees, agents and representatives against any losses, claims, damages or liabilities, including reasonable legal fees and expenses, arising out of any action or proceeding relating to this Repurchase Plan or any Purchase effected pursuant hereto, except to the extent that any such loss, claim, damage or liability is the result of the negligence or willful misconduct of them to or any of its principals, officers, directors, employees, agents or representatives. Hunter shall provide to the Issuer proper and timely notice with regard to any such threatened loss, claim, damage or liability.

12. All notices, requests or restrictions hereunder shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid to the parties at the addresses set forth in the preamble of this Repurchase Plan.

13. This Repurchase Plan constitutes the entire agreement between the parties hereto with respect to the matters contemplated hereby and no modification hereof shall e effective unless in writing and signed by the party against which it is sought to be enforced.

14. This Repurchase Plan may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement.

[The rest of this page is intentionally blank.]

IN WITNESS WHEREOF, the undersigned have signed this Repurchase Plan as of the date first written above.

OMEGA FLEX, INC.

By: /s/ Kevin R. Hoben
Name: Kevin R. Hoben
Title: President and Chief Executive Officer

HUNTER ASSOCIATES, INC.

By: /s/ David W. Hunter
Name: David W. Hunter
Title: Chairman

Exhibit A

REQUEST FOR EARLY TERMINATION OF REPURCHASE PLAN

via fax (412) 471-2993

To: Hunter Associates, Inc.

As of the date hereof, Omega Flex, Inc. hereby requests termination of the Repurchase Plan, dated September __, 2008, in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 or other applicable securities laws.

IN WITNESS WHEREOF, the undersigned has signed this Request for Early Termination of Plan as of the date specified below.

Omega Flex, Inc.

By:______________________________
Name:
Title:

(Date)

Exhibit B

REQUEST FOR EARLY TERMINATION OF REPURCHASE PLAN

via fax (860) 704-6830

To: Omega Flex, Inc.

As of the date hereof, Hunter Associates, Inc. hereby requests termination of the Repurchase Plan, dated September __, 2008.

IN WITNESS WHEREOF, the undersigned has signed this Request for Early Termination of Plan as of the date specified below.

Hunter Associates, Inc.

By:______________________________
Name:
Title:

(Date)

EXHIBIT 31.1

Certification by the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kevin R. Hoben,, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for fiscal quarter ended September 30, 2008, of Omega Flex, Inc. (the "registrant");

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 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 report is being prepared;

(b) 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

(c) 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 the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control 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 control over financial reporting.

Date: September 30, 2008

/s/ Kevin R. Hoben

Kevin R. Hoben
Chief Executive Officer

EXHIBIT 31.2

Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Paul J. Kane, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2008, of Omega Flex, Inc. (the "registrant");

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 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 report is being prepared;

(b) 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

(c) 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 the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control 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 control over financial reporting.

Date: September 30, 2008

/s/ Paul J. Kane

Paul J. Kane
Chief Financial Officer

EXHIBIT 32.1

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

Each of the undersigned hereby certifies, for the purposes of 18 U.S.C. Section 1350, in his capacity as an officer of Omega Flex, Inc. (the "Company"), that, to his knowledge:

(a) the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 30, 2008, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

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

Dated: September 30, 2008

/s/ Kevin R. Hoben

Kevin R. Hoben
Chief Executive Officer

/s/ Paul J. Kane

Paul J. Kane
Chief Financial Officer

This certification is not deemed to be "filed" for purposes of section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. This certification is not deemed to be incorporated by reference into any filing under the Securities Act of 1933 or Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference.