

SECURITIES AND EXCHANGE COMMISSION

FORM 10KSB

Annual and transition reports of small business issuers [Section 13 or 15(d), not S-B Item 405]

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FILER

OPT SCIENCES CORP

CIK: **74688** | IRS No.: **210681502** | State of Incorporation: **NJ** | Fiscal Year End: **1031**
Type: **10KSB** | Act: **34** | File No.: **000-01455** | Film No.: **09543348**
SIC: **3827** Optical instruments & lenses

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U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-KSB

(MARK ONE)

- ANNUAL REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED NOVEMBER 1, 2008.
- TRANSITION REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 0-1455

OPT-SCIENCES CORPORATION
(Name of small business issuer in its charter)

NEW JERSEY
(State or other jurisdiction of
incorporation or organization)

21-0681502
(I.R.S. Employer
Identification No.)

1912 BANNARD STREET, CINNAMINSON, NEW JERSEY
(Address of principal executive offices)

08077
(Zip Code)

Issuer's telephone number (856) 829-2800

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

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, \$.25 par value per share
(Title of Class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 NO

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive

proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [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]

State issuer's revenues for its most recent fiscal year: \$6,748,691.

The aggregate market value of the 239,945 common shares held by non-affiliates (i.e. excluding shares held by officers, directors and each person owning 5% or more of the outstanding stock) on December 31, 2008 was approximately \$2,160,000 based on the average of the bid and asked price of the stock on that date as quoted by the Pink Sheets, in the non NASDAQ over the counter market.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practical date: 775,585 shares of the issuer's common stock, par value of \$.25, were outstanding on December 31, 2008.

Documents Incorporated by Reference: None.

Transitional Small Business Disclosure Format (CHECK ONE): YES [] NO [X]

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PART I

Special Note Regarding Forward Looking Statements

Certain sections of this annual report contain forward-looking statements. These statements relate to future events or future financial performance and involve known and unknown risks, uncertainties and other factors that may cause the Company's or its industry's actual results, levels of activity, performance or achievements to be materially different from the future results, levels of activity, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by words such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or the negative of these terms or other comparable words. These statements are only predictions. Actual events or results may differ materially.

Although the Company believes that the expectations reflected in the

forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither the Company nor any person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company is under no duty to update any of the forward-looking statements after the date of this report to conform its prior statements to actual results.

ITEM 1. DESCRIPTION OF BUSINESS

BUSINESS OF THE COMPANY.

OVERVIEW. Opt-Sciences Corporation, formed in 1956, conducts its business through its wholly owned subsidiary, O & S Research, Inc. Both companies are New Jersey corporations. As used in this form 10-KSB, the terms "Company", "we" or "our" refer to the combined operations of Opt-Sciences Corporation and O & S Research, Inc.

Opt-Sciences Corporation, through its wholly owned subsidiary, O & S Research, Inc., deposits anti-glare and/or transparent conductive optical coatings on glass used primarily to cover instrument panels in aircraft cockpits. We also provide full glass cutting, grinding and painting operations which augment our optical coating capabilities. Most of our products are designed to enable pilots to read aircraft instruments in direct sunlight or at night or in covert situations using appropriate night vision filters. This is a niche business primarily dependent on the needs of new and used aircraft for initially installed parts, spare parts, replacements and upgrades. It requires custom manufacturing of small lots of products to satisfy specific requirements identified by our customers.

The Company's business is highly dependent on a robust commercial, business, and regional aircraft market; to a lesser degree, it is also dependent on the military aircraft market. We generally have a four to twelve week delivery cycle depending on product complexity, available plant capacity and required lead time for specialty raw materials such as polarizers or filter glass. Our sales tend to fluctuate from quarter to quarter because all orders are custom manufactured, and customer orders are generally scheduled for delivery based on our customer's need date, not on our ability to make shipments. Since the Company has two customers that together represent over 60% of sales, any significant change in the requirements of either of those customers has a direct impact on our revenue for any given quarter. When one of these customers defers a sizable order, sales for the following quarter often rebound as the customer replenishes its inventory.

Based on our understanding of the industry and the needs of our customers, we expect to complete and ship approximately 80% of the Fiscal Year 2008 backlog of unshipped orders before the end of the first quarter of fiscal 2009. If we do so, we expect first quarter sales to be approximately \$1,400,000.

Regulatory compliance costs under the Sarbanes/Oxley Act are expected to grow this year. We also expect increased costs associated with marketing and sales as the Company places a greater emphasis on customer contact.

CORE PRODUCTS. The distinguishing characteristic of our business is our optical thin film coating capability. Almost all products which we offer incorporate an optical coating of some type. Our primary coatings are for aircraft cockpit display applications and consist of our anti-reflection coating used for glare reduction and our transparent conductive coating used for electromagnetic interference shielding. We apply either or both coatings to different types of glass face plates which are usually mounted on the front of liquid crystal displays (LCDs), cathode ray tubes (CRTs) and electromechanical displays (EMDs).

ANCILLARY PRODUCTS AND SERVICES. In addition to coated glass described above, we also offer a full range of other specialty instrument glass, including night vision filter glass, circular polarizers, touchpads, glass sandwiches for LCDs as well as other custom designed specialty glass components and assemblies.

GROWTH STRATEGY. In light of anticipated increased costs associated with Sarbanes/Oxley compliance in the years ahead, the Company continues to re-evaluate its growth strategy pertaining to sales and marketing, production facilities and efficiencies and our staffing methods to maximize the value of our financial and human resources.

In Fiscal Year 2008, we hired additional production employees in support of our increased sales. We also ordered a new coating unit to supplement our manufacturing capacity. For Fiscal Year 2009, we expect slightly weaker commercial and business aircraft markets. We continue to see potential for growth in our conductive coating business which is used primarily, but not exclusively, on military platforms. We expect the anti-reflective coating market to decline since it is used primarily in the commercial and business avionics sectors which have begun to weaken. Our future growth is contingent on increasing our capacity to provide conductive coatings, securing new customers, developing new products and providing adequate staff and facilities to meet our needs. We are continuing to look at increasing the current facility size or moving to a larger facility to accommodate higher capacity should it be required.

MARKETING AND SALES. Our principal sales executive is our President, who maintains regular contact with the largest customers and continually seeks to develop new customers. We do not currently employ the services of manufacturers representatives or sales personnel. O & S Research, Inc. and our products are listed in the Thomas Register. We also maintain sales websites at osresearch.com and optsciences.com. We engage in a low cost public relations and advertising program. Purchasing personnel of major corporations or governmental agencies

place orders with us, based on price, delivery terms, satisfaction of technical specifications and quality of product. Procurement departments of customers ordinarily purchase products from us because we are on an approved vendor list. We enhance sales prospects by providing creative technical solutions to customer requirements. We are currently an approved vendor for major aircraft programs. We continue to be a major supplier for the anti-glare face plates covering the flat panel displays on the Boeing 777 and the 737 Next Generation models of commercial aircraft and the long range Gulfstream and Dassault Falcon business jets. During the recent two month long machinist strike, Boeing did not manufacture any commercial aircraft. That strike and the recent financial credit market meltdown make it difficult to predict deliveries of 777s and 737NGs or any other Boeing commercial planes in 2009. Recent projections are for delivering as many as 500 aircraft to as few as only 400 aircraft in 2009. We expect that most of the future growth in overall commercial airplane production will be from the Boeing 737, 777 and 787. However, Boeing's manufacture of the 787 is not expected to increase our future revenues because its cockpit displays will be provided by RockwellCollins, a company that currently purchases its instrument glass requirements for the 787 from one of our competitors. In Fiscal 2008, we derived 60% of our revenues from two major customers, Honeywell Inc. and TPO Displays Corporation. The loss or curtailment of business with either of these companies could have a negative impact on our operating results.

PATENTS, TRADEMARKS AND PROPRIETARY KNOWLEDGE. We do not hold patents or have registered trademarks. However, our customers do rely on our accumulated experience and know-how in satisfying their instrument glass requirements.

MANUFACTURING. Our customers commonly use Cathode Ray Tubes and Liquid Crystal Displays for aircraft cockpit instrumentation. Typically, a customer sends such items to us for processing. We cut the face plate from large pieces of glass we purchased from multiple domestic sources on a commodity basis. We use our technology to apply a micro thin optical non-glare and/or conductive coating to a face plate, which is then mounted on the Cathode Ray Tube or Liquid Crystal Display. After quality control tests, we ship the inspected products to our customers.

We also manufacture wedge glass lenses from large raw glass pieces. The raw glass is a commodity product which we can purchase from several glass manufacturers. We cut, grind, polish and coat the pieces with a micro-thin optical coating. We then ship the lenses to the customer after clearance through quality control. Both processes utilize the deposit of a thin film of a metal or metal oxide on the surface of the glass. The process takes place in a heated vacuum chamber. We heat the deposited material to over 1800 degrees Centigrade causing it to evaporate. When the vapor contacts the glass, it condenses forming a very thin film as hard as the original metal being evaporated. The thin films range in thickness from 250 angstroms to 1500 angstroms.

ENVIRONMENTAL MATTERS. We believe we are in material compliance with applicable United States, New Jersey and local laws and regulations relating to the protection of the environment, and we do not devote material resources to such matters.

COMPETITION. Competition is based on product quality, price, reputation and ability to meet delivery deadlines. The market for our products is very competitive. The type and amount of instrument glass consumed is subject to changes in display technology and in ongoing reduction in the number of displays used on both new aircraft and retrofitted aircraft. Our competitors include JDSU, Metavac, Mod A Can, Tyrolit, Schott Glass and Hoya Optics. Our competitors generally have significantly more financial, technical and human resources than we do. Because of this, our competitors have the capacity to respond more quickly to emerging technologies and customer preferences and may devote greater resources to development, promotion and sale of their products than we can. This competition could result, and in the past has resulted, in price reductions, reduced margins and lower market share.

EMPLOYEES. As of November 1, 2008, we employed 57 employees, of which 51 were full time individuals and none of whom are members of organized labor. This represents an increase of 4 full time employees from the end of Fiscal 2007. We expect to make adjustments to our employee levels based on changes in the market and our specific efforts to improve efficiencies and customer service. We believe we have a good relationship with our employees. We are subject to the federal minimum wage and hour laws and provide various routine employee benefits such as life and health insurance. We also provide a 401K Plan for the benefit of all our employees; we do not have a stock option plan. The 401K Plan includes a matching contribution from us representing \$0.50 for each \$1.00 an employee contributes up to 6% of the employee's base wages.

AVAILABLE INFORMATION. We maintain a website, optsciences.com, where you may find additional information about our Company. Additional Company filings are available at the Securities & Exchange Commission's website, sec.gov. On our website, optsciences.com, we provide links to the SEC, to Yahoo for the latest stock quotations, to our transfer agent, StockTrans, and to our manufacturing subsidiary, O & S Research, Inc.

ITEM 2. DESCRIPTION OF PROPERTY

We conduct our operations at the principal office and manufacturing facility located in the East Riverton Section of Cinnaminson, New Jersey. We own this 1.4 acre property in fee simple, and the property is not encumbered by any lien or mortgage. The cinderblock and masonry facility contains approximately 11,000 square feet of manufacturing space and approximately 1,200 square feet of office space. We also own and utilize a building containing 500 square feet of warehouse and

7,500 square feet of manufacturing space on premises adjacent to the main manufacturing facility. In addition, we lease on a year to year basis 5,000 square feet in Riverton, New Jersey for general warehouse and material storage.

ITEM 3. LEGAL PROCEEDINGS

We are subject to certain claims and litigation in the ordinary course of business. It is the opinion of management that the outcome of such matters will not have a material adverse effect on our combined financial position or results of operations.

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

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

Our Common Shares are not listed on an established public trading market, but are quoted by the Pink Sheets, in the non-NASDAQ over the counter market. The symbol for our Shares is OPST. Only limited and sporadic trading occurs. Subject to the foregoing qualification, the following table sets forth the range of bid quotations, for the calendar quarter indicated, as quoted by Pink Sheets LLC., and reflects inter-dealer prices, without retail mark up, mark down or commission and may not necessarily represent actual transactions.

Fiscal 2007	Bid
First Quarter	\$6.70 - 7.55
Second Quarter	6.80 - 8.60
Third Quarter	6.80 - 10.50
Fourth Quarter	8.85 - 13.00

Fiscal 2008	Bid
First Quarter	\$10.05 - 11.50
Second Quarter	10.50 - 13.10
Third Quarter	8.25 - 13.25
Fourth Quarter	7.80 - 9.50

As of December 31, 2008, the closing bid for the Common Stock was \$6.00. The closing ask price was \$12.00. The Company had 918 stockholders of record of its Common Stock as of December 31, 2008.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company does not have any equity compensation plan in place and did not issue any equity securities to any person during Fiscal Year 2008.

DISTRIBUTIONS

We did not declare or pay any dividend on our Common Stock during Fiscal Year 2008 and, although there is no prohibition on payment of dividends, we do not anticipate the payment of dividends on our Common Stock in the foreseeable future.

RECENT SALES OF UNREGISTERED SECURITIES

We did not sell unregistered securities during the three fiscal years ended November 1, 2008.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Specifically, inventory is estimated quarterly and reconciled at the end of the fiscal year when a detailed audit is conducted (also see Notes to Consolidated Financial Statements, 1. Summary of Significant Accounting Policies, Note 2. Inventories).

GENERAL.

This Management's Discussion and Analysis as of November 1, 2008, should be read in conjunction with the audited consolidated financial statements and notes thereto set forth in this report. It may also contain forward looking statements as defined in Part I hereof.

LIQUIDITY AND CAPITAL RESOURCES.

We have sufficient liquidity and credit to fund our contemplated capital and operating activities through Fiscal 2009.

We continue to use our working capital to finance current operations, including equipment purchases, capital improvements, inventory, payroll and accounts receivable.

Our cash position improved in Fiscal 2008, primarily because of the net income of \$858,695 in Fiscal 2008. Other income declined from the prior year primarily due to lower interest rates. Our cash increased during Fiscal 2008 to \$6,926,000 from \$6,777,104 at the end of Fiscal 2007, primarily from the cash generated from operations. At the same time, our total current assets increased \$166,278 to \$9,464,326 in Fiscal 2008 from \$9,298,048 in Fiscal 2007.

Because of changes in the marketplace and an increasingly competitive environment, we believe it is necessary to make ongoing investments in new equipment and processes to compete successfully in the aerospace and commercial display markets. In Fiscal 2009, we have projected further significant expenditures of capital to update equipment.

RESULTS OF OPERATIONS: FISCAL YEAR 2008

NET SALES

Net sales of \$6,748,691 for the Fiscal Year 2008 increased \$1,035,881 or approximately 18% from Fiscal 2007. Approximately 65% of this increase was due to increased demand from two of our main customers stemming from higher demand for 777 & 737NG commercial aircraft and from higher demand for the business aircraft which utilize instrumentation cover glass manufactured by the Company. Approximately 20% of the increase came from existing products for other customers. The remaining 15% was from new business.

COST OF SALES

Cost of sales increased \$764,711 or 21% for Fiscal 2008 compared to Fiscal 2007. This larger increase, relative to the increase in sales, is primarily due to a slightly different mix of product sales in which more lower margin products were sold. Cost of sales is comprised of raw materials, manufacturing direct labor and overhead expenses. The overhead portion of cost of sales is primarily comprised of salaries, medical and dental benefits, building expenses, production supplies, and costs related to our production, inventory control and quality departments.

OPERATING EXPENSES

Operating expenses for Fiscal 2008 were \$1,009,657, an increase of \$85,715 or 9.3% over Fiscal 2007. Operating Expenses include both General and Administrative expenses and Sales and Delivery expenses. Our General and Administrative expenses consist of marketing and

business development expenses, professional expenses, salaries and benefits for executive and administrative personnel, hiring, legal, accounting, and other general corporate expenses.

OPERATING INCOME

Operating income increased \$185,455 or 17% to \$1,273,162 in Fiscal 2008 from \$1,087,707 in 2007. The increase over Fiscal 2007 is primarily due to the increase in sales revenues.

OTHER INCOME

Other income of \$182,828 for Fiscal Year 2008 decreased from \$314,452 for Fiscal Year 2007. This decrease is mainly attributable to lower interest rates.

NET INCOME

Net income of \$858,695 or \$1.11 per share for Fiscal 2008 increased slightly from \$832,761 or \$1.07 per share for Fiscal 2007 as a result of the factors described above.

BACKLOG OF ORDERS

Our backlog of unshipped orders stood at \$1,783,200 at the end of Fiscal Year 2008, down \$467,100 from the end of Fiscal Year 2007 and down \$450,500 from the end of the third quarter. Due to recent market trends stemming from the financial credit squeeze, we anticipate that the backlog will fluctuate around it's current level for the first and second quarters of fiscal 2009. After that, we expect it to continue to drop as shipments start outpacing new orders in the third and fourth quarters of Fiscal 2009. Of the backlog of orders existing at year end, we expect to deliver 80% within the first quarter of Fiscal Year 2009.

RESULTS OF OPERATIONS: FISCAL YEAR 2007

Fiscal 2007 ended with net sales of \$5,712,810 an increase of approximately \$1,447,414 or 40% over Fiscal 2006. The significant increase in total sales for 2007 over 2006 was primarily due to a substantial increase in the demand for coated glass products by three customers. One customer unexpectedly was awarded a contract for cockpit displays for a new very light business jet, which has since been cancelled. Another customer decided to place more business with us instead of their other instrument glass supplier. The third created a temporary surge in demand as it migrated from one LCD platform to another. Operating expenses, including selling expenses, were \$923,942 for Fiscal 2007, an increase of \$140,226 over Fiscal 2006. These expenses were higher in Fiscal 2007 principally because of expenses associated with Sarbanes/Oxley compliance. Operating income increased \$629,745 to \$1,087,707 in Fiscal 2007 from \$462,962 in 2006. Interest

and other income of \$314,452 for Fiscal 2007 increased from \$211,833 for Fiscal 2006. Net income after taxes of \$832,761 or \$1.07 per share for Fiscal 2007 increased from \$404,193 or \$.52 per share for Fiscal 2006.

INFLATION

During the three year period that ended on November 1, 2008, inflation did not have a material effect on our operating results.

OFF BALANCE SHEET ARRANGEMENTS

We do not currently have any off balance sheet arrangements.

DECLINE IN VALUE OF COMPANY INVESTMENTS

As of November 1, 2008, the fair market value of the Company's marketable securities was \$670,318. The Company had paid \$1,015,881 for such securities. In the judgment of Management, the resulting unrealized loss of \$345,563 is generally reflective of the precipitous decline in the stock market during the last six months of the fiscal year 2008. This matter is detailed in Footnote 3 to the Financial Statements. There is no assurance that the fair value of these securities in the future will increase to the cost basis. Even if there is a general recovery in the stock market, there is no assurance that these unrealized losses will be substantially reduced.

COMPANY RISK FACTORS

An investment in our common stock involves investment risks. A prospective investor should evaluate all information about us and the risk factors discussed below in relation to his financial circumstances before investing in us.

1. The recent downturn in the economy may have an adverse effect on the purchase of new aircraft and on the retrofitting of old aircraft. Because of the long lead times required in the production of aircraft and the upgrading of legacy fleets, we do not know with certainty how adversely our Company's prospects shall be affected. Recent declines in backlog may be a harbinger of more serious declines in the future.

2. Most of our commercial aircraft display products are for use in Boeing aircraft. The impact of Boeing's sales on the Company is difficult to project with a high degree of accuracy. The Boeing 787s scheduled for delivery in 2009 will utilize proprietary cockpit displays of RockwellCollins which currently does not purchase instrument glass from us for these kinds of displays. Future upgrades of Boeing commercial aircraft may utilize the Rockwell Collins system.

Such a change would have an adverse effect on the Company.

3. The future market for our business aircraft instrument glass presently appears to be stable. However, the Company has had to hold pricing on several major product offerings to maintain good customer relations. This ultimately causes an erosion of profit margins unless more productive and efficient means of production are implemented.

4. Our product offerings are concentrated. During Fiscal 2008 we derived 95% of our revenues from instrument glass used for avionics and related aerospace products.

5. Our revenues come from a limited number of customers, with over 60% of sales arising from two customers.

6. For a major portion of our business, we rely on raw materials manufactured exclusively in Japan. An interruption of supplies from Japan would have a significant impact on sales and our ability to support our customers.

7. Our success depends on the efforts and expertise of our President, Anderson L. McCabe. He is our chief executive officer, our chief financial officer and our principal marketing officer. His death, disability or termination of employment would adversely affect the future of our Company. We do not have employment contracts with Mr. McCabe or other management personnel. We do not maintain key man life insurance on Mr. McCabe or other key personnel.

8. Our future revenues and operating results change from quarter to quarter due to a number of factors, some of which are adverse, such as:

- Reduced demand for our avionics related instrument glass;
- Aggressive price competition by our competitors;
- The introduction of alternate display products which do not utilize our products, such as rear projection displays;
- Overdue deliveries to our customers; and
- Operational plans of our customers.

9. The market for our products is very competitive.

10. The technology being used for aircraft instruments is changing very rapidly. The use of wedge glass displays continues to decline. Demand for anti reflective coating on instrument panels is stable, but fewer, larger panels are commonly used in new and upgraded instrument systems. We see an increasing need for conductive coatings on instrument panels, which we hope will offset the effect of declining sales of coated wedge glass.

11. Our industry is subject to significant risk from outside influences, such as terrorist attacks (9/11) and biological epidemics (SARs and Avian flu outbreaks in Asia). Other factors that may in the future influence our industry are inflation, changes in diplomatic and

trade relations with other countries, political and economic stability, tariffs, trade barriers and other regulatory barriers.

12. Purchase orders from our customers may include extensive product warranties. Accordingly, warranty claims may have an adverse effect on our future operating results.

ITEM 7. FINANCIAL STATEMENTS

The Consolidated Financial Statements, the notes thereto, and the reports thereon by Goff Backa, Alfera & Company, LLC. dated January 9, 2009, are filed as part of this report starting on page 23 below.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 8A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer ("CEO and CFO"), has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this annual report. Based on such evaluation, our CEO and CFO has concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures are effective. Disclosure controls and procedures are controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act.

Internal control over financial reporting is defined under the Exchange Act as a process designed by, or under the supervision of, our CEO and

CFO and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitation, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. Accordingly, even an effective system of internal control over financial reporting will provide only reasonable assurance with respect to financial statement preparation.

Our management, with the participation of our CEO and CFO, evaluated the effectiveness of the Company's internal control over financial reporting as of November 1, 2008. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework and SEC guidance on conducting such assessments by smaller reporting companies and non-accelerated filers. Based on this evaluation and those criteria, our management, with the participation of our CEO and CFO, concluded that, as of November 1, 2008, our internal control over financial reporting was effective.

This annual report does not include an attestation report of our independent registered public accounting firm regarding our internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f)) that occurred during the quarter ended November 1, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 8B

OTHER INFORMATION

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, CONTROL PERSONS AND CORPORATE GOVERNANCE; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

INFORMATION REGARDING EXECUTIVE OFFICERS AND DIRECTORS

Our Directors serve until the next annual meeting of stockholders, or until their successors have been elected. Our officers serve at the pleasure of the Board of Directors.

Anderson L. McCabe, 53 years old, is our President, Chief Executive Officer and Chief Financial Officer. He graduated from the University of South Carolina in 1977 and received a B.S. in Chemical Engineering. From 1977 to 1985, he was employed by United Engineers and Constructors, Inc., a subsidiary of Raytheon Corporation as Process Engineer with managerial responsibilities. In 1986 he became our president. He has been director of the Company since 1987.

Arthur J. Kania, 77 years old, is our Secretary. He is not active in our day-to-day operations. Mr. Kania's principal occupations during the past five years have been as Principal of Trikan Associates (real estate ownership and management - investment firm); and as a partner of the law firm of Kania, Lindner, Lasak and Feeney. He has been a director of the Company since 1977.

Arthur J. Kania, Jr., 53 years old, has been a director of the Company since 1987. He is not active in our day-to-day operations. He is a principal of Trikan Associates (real estate ownership and management-investment firm) and vice-president of Newtown Street Road Associates (real estate ownership and management).

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE.

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires the Company's officers, directors and any

person owning ten percent or more of the Company's common stock, to file in their personal capacities initial statements of beneficial ownership, statements of change in beneficial ownership and annual statements of beneficial ownership with the Securities and Exchange Commission (the "SEC"). Persons filing such beneficial ownership arrangements are required by SEC regulation to furnish to the Company copies of all such statements filed with the SEC. The rules of the SEC regarding the filing of such statements require that "late filings" of such statements be disclosed in the Company's information statement. Based solely on the Company's review of copies of such statements received by, and on representations from, the Company's existing directors and officers that no annual statements of beneficial ownership were required to be filed by such persons, the Company believes that all such statements were timely filed in 2008.

BOARD MEETINGS AND COMMITTEES

Audit Committee and Audit Committee Financial Expert

Our Board of Directors functions as an audit committee and performs some of the same functions as an audit committee including: (1) selection and oversight of our independent accountant; (2) establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls and auditing matters; and (3) engaging outside advisors. We are not a "listed company" under SEC rules and are therefore not required to have an audit committee comprised of independent directors. Our Board of Directors does not have an independent director. Our Board of Directors has determined that each of its members is able to read and understand fundamental financial statements and has substantial relevant business and accounting experience. Accordingly, the Board of Directors believes that each of its members has sufficient knowledge and experience necessary to fulfill the duties and obligations that an audit committee would have in a company such as ours.

Board Meetings; Nominating and Compensation Committees

Our directors and officers do not receive remuneration from us unless approved by the Board of Directors or pursuant to an employment contract. We do not have any employment contract currently in place. We pay each of our Directors a fixed annual stipend for acting as Director. No such payment shall preclude any director from serving us in any other capacity and receiving compensation therefore. A total of \$7,500 has been paid to each director for services as director during the last fiscal year.

We are not a "listed company" under SEC rules and are therefore not required to have a compensation committee or a nominating committee. We do not currently have a compensation committee. Our Board of Directors is currently comprised of only three members, one of whom acts as Chief Executive Officer and Chief Financial Officer.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth certain summary information concerning compensation paid or accrued to its sole executive officer during the past two fiscal years.

SUMMARY COMPENSATION TABLE

Annual Compensation

(a)	(b)	(c)	(d)	(e)	(f)
Name And Principal Positions	Fiscal Year	Salary (1) (\$)	Bonus (\$)	Other Annual Compensation (\$)	Total Compensation (\$)
Anderson	2008	\$125,000	25,000	12,624*	\$162,624
L. McCabe President, CEO, CFO Treasurer and Director	2007	\$118,750	25,000	11,130*	\$154,880

*Includes \$7,500 annual retainer as Director of Company and 401K Contribution: \$5,124 for 2008 and \$3,630 for 2007

DIRECTOR COMPENSATION FOR 2008 FISCAL YEAR

Annual Compensation Name	Annual Retainer	Total Compensation
Anderson L. McCabe	\$7,500	\$7,500
Arthur J. Kania*	\$7,500	\$7,500
Arthur J. Kania, Jr.	\$7,500	\$7,500

* See Certain Transactions and Relationships below.

OPTION/SAR GRANTS; DEFERRED EXECUTIVE COMPENSATION PLAN; EQUITY

COMPENSATION PLAN

The Company did not grant restricted stock awards, stock options or stock appreciation rights during Fiscal Year 2008, nor does it have any of such awards, options or rights outstanding from prior years. The Company does not have any deferred executive compensation plan. The Company does not have any securities authorized for issuance under an equity compensation plan.

CODE OF ETHICS

The Company's Code of Ethics is posted at its website at optsciences.com. It applies to all employees, including the CEO, CFO, principal accounting officer and persons performing similar functions.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. The following table sets forth common stock ownership information as of the record date with respect to (i) each person known to us to be the beneficial owner of more than 5% of our issued and outstanding common stock; and (ii) each of our directors and executive officers.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Arthur John Kania Trust 3/30/67 Rose Sayen, Trustee Suite 525, Two Bala Plaza 333 City Avenue Bala Cynwyd, PA 19004	510,853	66%

Security Ownership of Directors and Officers:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Anderson L. McCabe P.O. Box 221 1912 Bannard Street Riverton, N.J. 08077	1,064 (1)	*
Arthur J. Kania Suite 525, Two Bala Plaza Bala Cynwyd, PA 19004	23,723 (1)	3%
Arthur J. Kania, Jr. Suite 525, Two Bala Plaza	0 (1)	*

Directors and Officers As a Group 24,787(1) 3%

*Less than 1% of the outstanding Common Stock

1. Excludes 510,853 shares (66% of the outstanding shares) owned by a trust for the benefit of Arthur J. Kania's children and a total of 10,000 shares (1.3% of the outstanding shares) owned by separate trusts for the benefit of each of Arthur J. Kania's grandchildren. Mr. Kania has no voting power or investment power with respect to such securities and disclaims beneficial ownership in all such shares. Mr. McCabe, husband of a beneficiary of the first aforementioned trust, disclaims beneficial ownership in all such shares. Arthur J. Kania, Jr., a son of Arthur J. Kania, is a beneficiary of the first aforementioned trust and father of beneficiaries of the second aforementioned trusts, but has no voting power and no investment power over such shares in said trusts and is not a beneficial owner under the applicable rules.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Arthur J. Kania is the father of Arthur J. Kania, Jr. and the father-in-law of Anderson L. McCabe. Those individuals constitute the Board of Directors. Anderson L. McCabe is the sole executive officer. Rose Sayen, an employee of Arthur J. Kania, is the Trustee of the Arthur J. Kania Trust, which is the principal shareholder of the Company.

During Fiscal year 2008, we incurred legal fees of \$45,000 to the firm Of Kania, Lindner, Lasak and Feeney, of which Arthur J. Kania is the Senior partner. Mr. Kania does not share or participate in fees generated from the Company.

ITEM 13. EXHIBITS

The following exhibits are incorporated by reference or included as part of this report:

Exhibit Number	Description
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3.1; 3.2	Articles of Incorporation and By-Laws incorporated by reference to the Form 10-KSB filed by the Registrant with the SEC on February 10, 1998 for its fiscal year ended November 1, 1997 starting on page 22.
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21.	List of Subsidiaries incorporated by reference to the Form 10-KSB filed by the Registrant with the SEC on February 10, 1998 for its fiscal year ended November 1, 1997 starting on page 54.
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31.	Certification pursuant Section 302 of the Sarbanes Oxley Act included as an exhibit to this Form 10KSB.
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32. Certification pursuant to Section 906 of the Sarbanes Oxley Act included as an exhibit to this Form 10KSB.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Type	2007	2008
Audit Fees:	\$28,468	\$32,202
Audit Related Fees:	\$0	\$0
Tax Fees	\$0	\$0
Other Fees	\$0	\$0
Total Fees	\$28,468	\$32,202

(1) AUDIT FEES

This category includes the aggregate fees billed or accrued for each of the last two fiscal years for professional services rendered by the independent auditors for the audit of the Company's annual financial statements and review of financial statements included in the Company's Form 10-KSB or 10-QSB or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years

(2) AUDIT-RELATED FEES

This category includes the aggregate fees billed in each of the last two fiscal years for services by the independent auditors that are reasonably related to the performance of the audits of the financial statements and are not reported above under "Audit Fees".

(3) TAX FEES

This category includes the aggregate fees billed in each of the last two years for professional services rendered by the independent auditors for tax compliance, tax planning and tax advice.

(4) ALL OTHER FEES

This category includes the aggregate fees billed in each of the last two fiscal years for products and services by the independent auditors that are not reported under "Audit Fees" "Audit Related Fees", or "Tax Fees."

RE-APPROVAL POLICIES AND PROCEDURES

Before the accountant is engaged by the issuer to render audit or non-audit services, the engagement is approved by the Company's Board of Directors acting as the audit committee.

SIGNATURES

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

OPT-SCIENCES CORPORATION

By: _____
Anderson L. McCabe President

Date: January 23, 2009

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
_____ Anderson L. McCabe	President, CEO, CFO and Director	January 23, 2009
_____ Arthur J. Kania	Secretary and Director	January 23, 2009
_____ Arthur J. Kania, Jr.	Director	January 23, 2009
_____ Lorraine Domask	Chief Accountant	January 23, 2009

SECTION 302 CERTIFICATION

I, Anderson L. McCabe, President, Chief Executive Officer and Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-KSB of OPT-SCIENCES CORPORATION;
2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 (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 of financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or person 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: January 23, 2009

/s/Anderson L. McCabe

Anderson L. McCabe President, Chief Executive Officer and Chief
Financial Officer

SECTION 906 CERTIFICATION

I, Anderson L. McCabe, Chief Executive Officer and Chief Financial
Officer of OPT-SCIENCES CORPORATION (the "Company"), certify, pursuant
to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section
1350, that:

(1) the Annual Report on Form 10KSB of the Company for the fiscal year
ended November 1, 2008 (the "Report") fully complies with the
requirements of Section 13(a) or 15(d) of the Securities Exchange Act
of 1934 (15 U.S.C. 78m or 78o(d)); and (2) the information contained in
the Report fairly presents, in all material respects, the financial
condition and results of operations of the Company.

Dated: January 23, 2009

By: /s/Anderson L. McCabe Anderson L. McCabe,
Chief Executive Officer and Chief
Financial Officer

OPT - Sciences Corporation
And Subsidiary

Financial Statements

Years Ended November 1, 2008 and October 27, 2007

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Report of Independent Registered Public Accounting Firm

To Stockholders and Board of Directors
OPT-Sciences Corporation

We have audited the accompanying consolidated balance sheets of OPT-Sciences Corporation and Subsidiary as of November 1, 2008 and October 27, 2007 and the related statements of operations, stockholders' equity and comprehensive income and cash flows for each of the fiscal years in the two year period ended November 1, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting

principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of OPT-Sciences Corporation and Subsidiary as of November 1, 2008 and October 27, 2007 and the consolidated results of their operations and their cash flows for each of the fiscal years in the two year period ended November 1, 2008 in conformity with U.S. generally accepted accounting principles.

Goff Backa Alfera & Company, LLC

Pittsburgh, Pennsylvania

January 9, 2009

Opt-Sciences Corporation
Consolidated Balance Sheets

The accompanying notes are an integral part of these financial statements

ASSETS

	November 1, 2008	October 27, 2007
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,926,000	\$ 6,777,104
Trade accounts receivable	1,119,550	1,012,659
Inventories	611,180	592,660
Prepaid expenses	18,294	21,074
Loans and exchanges	6,768	4,390
Deferred income taxes	112,216	-0-
Marketable securities	670,318	890,161
Total current assets	9,464,326	9,298,048
PROPERTY AND EQUIPMENT		
Land	114,006	114,006
Building and improvements	567,624	449,987
Machinery and equipment	1,559,418	1,485,573
Small tools	53,580	53,580
Furniture and fixtures	8,775	8,624
Office equipment	74,611	57,419
Automobiles	71,211	71,211

Total property and equipment	2,449,225	2,240,400
Less: accumulated depreciation	1,757,880	1,652,891
Net property and equipment	691,345	587,509
OTHER ASSETS		
Deposits	244,904	2,837
Total assets	\$ 10,400,575	\$ 9,888,394

Opt-Sciences Corporation
Consolidated Balance Sheets

The accompanying notes are an integral part of these financial statements

LIABILITIES AND STOCKHOLDERS' EQUITY

	November 1, 2008	October 27, 2007
CURRENT LIABILITIES		
Accounts payable - trade	\$ 203,282	\$ 86,759
Accrued income taxes	40,912	267,980
Accrued salaries and wages	268,758	272,328
Accrued professional fees	50,500	48,500
Deferred income taxes	-0-	30,100
Other current liabilities	29,546	17,995
Total current liabilities	592,998	723,662

STOCKHOLDERS' EQUITY

Common capital stock - par value

\$.25 per share - authorized and issued 1,000,000 shares	250,000	250,000
Additional paid in capital	272,695	272,695
Retained earnings	9,669,071	8,810,376
Accumulated other comprehensive income:		
Unrealized holding (loss) gain on marketable securities	(196,971)	18,879
Less treasury stock at cost - 224,415 shares	(187,218)	(187,218)
 Total stockholders' equity	 9,807,577	 9,164,732
 Total liabilities and stockholders' equity	 \$10,400,575	 \$9,888,394

Opt-Sciences Corporation

Consolidated Statements of Operations

The accompanying notes are an integral part of these financial statements

	Fiscal Year Ended November 1, 2008 (53 weeks)	Fiscal Year Ended October 27, 2007 (52 weeks)
NET SALES	\$ 6,748,691	\$ 5,712,810
COST OF SALES	4,465,872	3,701,161
Gross profit on sales	2,282,819	2,011,649
OPERATING EXPENSES		

Sales & delivery	50,721	46,427
General and administrative	958,936	877,515
Total operating expenses	1,009,657	923,942
Operating income	1,273,162	1,087,707
OTHER INCOME	182,828	314,452
Income before taxes	1,455,990	1,402,159
FEDERAL AND STATE INCOME TAXES	597,295	569,398
Net income	858,695	832,761
EARNINGS PER SHARE OF COMMON STOCK	1.11	1.07
Weighted average number of shares	775,585	775,585

Opt-Sciences Corporation

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

The accompanying notes are an integral part of these financial statements

	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
BALANCE OCTOBER 28, 2006	\$250,000	\$272,695	\$7,977,615	\$9,481	\$(187,218)	\$8,322,573
Net income for fiscal year ended October 27, 2007			832,761			832,761
Unrealized holding gains on securities arising during period, net of						

tax of \$7,089				9,398		9,398
TOTAL COMPREHENSIVE INCOME						842,159
BALANCE						
OCTOBER 27,						
2007	\$250,000	\$272,695	\$8,810,376	\$18,879	\$(187,218)	\$9,164,732
Net income for						
fiscal year						
ended November 1,						
2008			858,695			858,695
Unrealized						
holding losses						
on securities						
arising during						
period, net of						
tax of \$162,834				(215,850)		(215,850)
TOTAL						
COMPREHENSIVE						
INCOME						642,845
BALANCE						
NOVEMBER 1,						
2008	\$250,000	\$272,695	\$9,669,071	\$(196,971)	\$(187,218)	\$9,807,577

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Opt-Sciences Corporation
CONSOLIDATED STATEMENTS OF CASH FLOWS

The accompanying notes are an integral part of these financial statements

	Fiscal Year Ended November 1, 2008 (53 weeks)	Fiscal Year Ended October 27, 2007 (52 weeks)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 858,695	\$ 832,761
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	113,594	115,864

Loss (gain) on sale of securities	38,740	(33,721)
Loss on asset retirements	13,402	-0-
Deferred income taxes	20,518	26,080
Decrease (increase) in:		
Accounts receivable	(106,891)	(201,290)
Inventories	(18,520)	(22,693)
Prepaid expenses	2,780	18,504
Prepaid income taxes	-0-	23,900
Loans and exchanges	(2,378)	(885)
(Decrease) increase in:		
Accounts payable	116,523	3,138
Accrued income taxes	(227,068)	267,980
Accrued salaries and wages	(3,570)	-0-
Accrued professional fees	2,000	-0-
Other current liabilities	11,551	113,620
Net cash provided by operating activities	819,376	1,143,258
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(230,833)	(75,135)
Purchases of securities	(672,884)	(500,606)
Proceeds from sale of securities	475,304	411,081
Deposits	(242,067)	-0-
Net cash (used) by investing activities	(670,480)	(164,660)

Opt-Sciences Corporation
CONSOLIDATED STATEMENTS OF CASH FLOWS

The accompanying notes are an integral part of these financial statements

Fiscal Year Ended	Fiscal Year Ended
November 1, 2008	October 27, 2007

	(53 weeks)	(52 weeks)
Increase in cash	\$ 148,896	\$ 978,598
Cash and cash equivalents at beginning of year	6,777,104	5,798,506
Cash and cash equivalents at end of period	\$ 6,926,000	\$ 6,777,104

SUPPLEMENTAL DISCLOSURES:

Interest paid	-0-	\$ 3,550
Income taxes paid	\$ 803,845	\$ 251,438

OPT-Sciences Corporation and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of OPT-Sciences Corporation and its wholly owned subsidiary. All significant intercompany accounts and transactions have been eliminated.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers certificates of deposit and debt securities purchased with a maturity of three months or less to be cash equivalents.

Line of Business and Credit Concentration

The Company, through its wholly owned subsidiary, is engaged in the business of applying anti-reflective, conductive and/or other coatings to the faceplates of instruments for aircraft cockpits. The Company grants credit to companies within the aerospace industry.

Accounts Receivable

Bad debts are charged to operations in the year in which the account is determined to be uncollectible. If the allowance method for doubtful accounts were used it would not have a material effect on the financial statements.

Inventories

Raw materials are stated at the lower of average cost or market. Work in process and finished goods are stated at accumulated cost of raw material, labor and overhead, or market, whichever is lower. Market is net realizable value.

OPT-Sciences Corporation and Subsidiary NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Marketable Securities

Marketable securities consist of debt and equity securities and mutual funds. Equity securities include both common and preferred stock.

The Company's investment securities are classified as "available-for-sale". Accordingly, unrealized gains and losses and the related deferred income tax effects when material, are excluded from earnings and reported as a separate component of stockholders' equity as accumulated other comprehensive income. Realized gains or losses are computed based on specific identification of the securities sold.

Property and Equipment

Property and equipment are comprised of land, building and improvements, machinery and equipment, small tools, furniture and fixtures, office equipment and automobiles. These assets are recorded at cost.

Depreciation for financial statement purposes is calculated over estimated useful lives of three to twenty-five years, using the straight-line method.

Maintenance and repairs are charged to expense as incurred.

Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Employee Benefit Plans

On October 1, 1998, the Company implemented a 401(k) profit sharing plan. All eligible employees of the Company are covered by the Plan. Company contributions are voluntary and at the discretion of the Board of Directors. Company contributions were \$38,886 and \$27,069 for the years ended November 1, 2008 and October 27, 2007, respectively.

Earnings per Common Share

Earnings per common share were computed by dividing net income by the weighted average number of common shares outstanding.

OPT-Sciences Corporation and Subsidiary NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - Inventories

Inventories consisted of the following:

	November 1, 2008	October 27, 2007
Raw materials and supplies	\$ 216,404	\$ 215,935
Work in progress	328,852	332,089
Finished goods	65,924	44,636
	\$ 611,180	\$ 592,660

NOTE 3- Marketable Securities

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
November 1, 2008				
Common stock	\$ 243,367	\$ -0-	\$ (59,187)	\$ 184,180
Preferred stock	312,567	-0-	(111,893)	200,674

Municipal bonds	55,333	-0-	(3,815)	51,518
Mutual funds	404,614	-0-	(170,668)	233,946
	\$ 1,015,881	\$ -0-	\$ (345,563)	\$ 670,318

October 27, 2007

Common stock	\$ 266,708	\$ 40,639	\$ -0-	\$ 307,347
Preferred stock	112,567	-0-	(10,747)	101,820
Municipal bonds	82,244	-0-	(5,767)	76,477
Mutual funds	395,521	8,996	-0-	404,517
	\$ 857,040	\$ 49,635	\$ (16,514)	\$ 890,161

Sales of securities available for sale during the years ended November 1, 2008 and October 27, 2007 were as follows:

	2008	2007
Proceeds from sales	\$ 475,303	\$ 411,081
Gross realized gains	\$ 38,363	\$ 81,116
Gross realized losses	\$ 77,103	\$ 47,395

OPT-Sciences Corporation and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - Income Taxes

The income tax expense of the Company consists of the following:

	2008	2007
Current tax expense:		
Federal	\$ 437,665	\$ 412,054
State	139,112	131,264
Total	576,777	543,318
Deferred tax expense:		
Federal	20,183	21,825

State	335	4,255
Total	20,518	26,080
Income Tax Expense	\$ 597,295	\$ 569,398

At November 1, 2008 the Company had a deferred tax asset of \$210,926 deferred tax liability of \$98,710 resulting in a net deferred tax asset of \$112,216.

At October 27, 2007, the Company had a deferred tax asset of \$57,758 and a deferred tax liability of \$87,858, resulting in a net deferred tax liability of \$30,100.

Deferred income taxes result from significant temporary differences between income for financial reporting purposes and taxable income. These differences arose principally from the use of accelerated tax depreciation and the carry forward of capital and net operating losses.

OPT-Sciences Corporation and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At November 1, 2008, the Company had capital loss carry forwards of \$66,725 expiring in 2010 through 2013. All of these losses are expected to be usable before expiration.

NOTE 5 - Major Customers

Two customers accounted for \$4,091,031 of net sales during the year ended November 1, 2008. The amount due from these customers, included in trade accounts receivable, was \$740,355 on November 1, 2008. (this receivable amount includes the various Honeywell companies)

Two customers accounted for \$2,889,796 of net sales during the year ended October 27, 2007. The amount due from these customers, included in trade accounts receivable, was \$579,564 on October 27, 2007.

NOTE 6 - Concentration of Credit Risk of Financial Instruments

The Company has various demand and time deposits with financial institutions where the amount of the deposits exceeds the federal insurance limits of the institution on such deposits. The maximum amount of accounting loss that would be incurred if an individual or group that makes up the concentration of the deposits failed to perform according to the terms of the deposit was \$5,800,000 on November 1, 2008.

NOTE 7 - Related Party Transactions

During fiscal years 2008 and 2007, the Company incurred legal fees of \$45,000 and \$40,500, respectively to the firm of Kania, Lindner, Lasak and Feeney, of which Mr. Arthur Kania, a shareholder and director, is senior partner. Of the legal fees, \$45,000 and \$40,500 were included in accounts payable at November 1, 2008 and October 27, 2007, respectively.