

OPTICAL SYSTEMS, INC.

BALANCE SHEETS Unaudited

	<u>March 31, 2008</u>
Assets	
Current Assets:	
Cash and Bank Accounts	\$ 124,475
Accumulated receivable	38,982
Employee advances	39,745
Total Current Assets	<u>203,202</u>
Fixed assets, less accumulated depreciation of \$3,475	63,935
Other Assets:	
Cost of subsidiary	300,000
Stock subscription receivable	147,000
Total Assets	<u>\$ 714,137</u>
Liabilities and Stockholders' Equity	
Current Liabilities	
Accounts payable	\$ 32,654
Accrued payroll liabilities	57,557
Total Current Liabilities	<u>\$ 90,211</u>
Stockholders' Deficiency:	
Preferred stock—\$.0001 par value, authorized 10,000,000 shares; 0 outstanding Common stock, \$.0001 par value authorized 200,000,000 shares; 94,570,000 issued	\$ 9,457
Additional Paid in Capital	2,379,487
Accumulated Deficit	(1,755,076)
Total Stockholders' Equity	<u>633,868</u>
	<u>\$ 714,137</u>

*These financial statements and notes thereto present fairly, in all material respects, the financial position of the company and the results of its operations and cash flows for the periods presented, in conformity with the accounting principles generally accepted in the United States, consistently applied and hereby certified by B.J. Grisaffi for Optical Systems, Inc.

The accompanying notes are in integral parts of these financial statements

OPTICAL SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	<u>Quarter ended</u> <u>March 31, 2008</u>
REVENUE:	
Software Sales	134,680
Hardware Sales	<u> </u>
Total	134,680
Operating expenses:	
Payroll and related fringe costs	81,236
Selling and marketing	19,838
Administrative	23,510
Depreciation	2,606
Total operating expenses	<u>127,190</u>
Income from operations	7,940
Other income (expense):	
Interest Expense	
Interest Income	
Total other income (expense)	-
Net income	<u>\$7,940</u>
Net (income) per share	<u>\$.0001</u>
Weighted average common shares outstanding	<u>94,570,000</u>

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OPTICAL SYSTEMS, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	<u>Quarter Ended March 31, 2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$7490
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	2606
Increase (decrease) in cash resulting from changes in current operating assets and liabilities:	8,138
Net cash provided by (used in) operating activities	18,224
CASH FLOWS FROM INVESTING ACTIVITIES:	
Additions to property and equipment	
Cost of Subsidiary	
Increase in stock subscription receivables	70,000
Net cash used by investing activities	70,000
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net cash provided by financing activities	-0-
INCREASE IN CASH:	88,224
Cash beginning of period	36,251
Cash end of period	<u>\$124,475</u>

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OPTICAL SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)

	<u>Common Stock</u> <u>Par value .0001</u>		Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
	<u>Shares</u>	<u>Amount</u>			
Balance, December 31, 2007	94,570,000	\$9,457	\$2,379,487	\$(1,762,526)	\$626,378
Net income for the quarter				7,490.00	7,490
Balance March 31, 2008	<u>94,570,000</u>	<u>\$9,457</u>	<u>\$2,379,487</u>	<u>\$(1,755,076)</u>	<u>\$633,868</u>

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OPTICAL SYSTEMS, INC

Note 1.-General Organization and Business

Optical Systems, Inc. (OSI) was formed and incorporated in the state of New Jersey in 1992. The Company was the successor in a reverse merger transaction effective June 30, 1997, changing the state of domicile to Florida and resulting in OSI stock trading on OTC Bulletin Band system using the symbol: OPSY. In May 2008 the company filed a Chapter 7 voluntary Bankruptcy court petitions and all assets were applied to liabilities. In May 2001 a final decree was entered and the bankruptcy case closed.

The Company (OSI) was inactive until October 2007 when it acquired Automotive Software Designers, Inc., a Nevada corporation, with the issuance of 75,400,000 shares of common stock. In anticipation of the acquisition, OSI amended its articles of incorporation to increase common stock to 200,000,000 shares with a par value of \$.0001. Automotive Software Designers, Inc. is the successor to the business of ASDI two shareholders who are officers of OSI. ASDI owns and distributes a completely integrated management system for new and used care dealerships.

Note 2.-Summary of Significant Accounting Practices

Accounting Basis

The basis is generally accepted accounting principles

Earnings per Shares

The basic earnings (loss) per share are calculated by dividing the Company's net income available to common shareholders by the weighted average number of common shares during the year. The diluted earnings (loss) per share is calculated by dividing the Company's net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted as of the first of the year for any potentially dilutive debt or equity.

Dividends

The Company has not yet adopted any policy regarding payment of dividends. Not dividends have been paid during the periods shown.

Income Taxes

The provision for income taxes is the total of the current taxes payable and the net of the change in the deferred income taxes. Provision is made for the deferred income taxes where differences exist between the periods in which transactions affect current taxable income and the period in which they enter into the determination of net income in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 3. Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company's continuation as a going concern is dependent on its ability to meet its obligations, to obtain additional financing as may be required and ultimately to attain profitability. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 4. Stockholders' Equity

Authorized

The Company is authorized to issue 200,000,000 shares of \$0.0001 par value common stock and 10,000,000 shares of \$0.0001 par value preferred stock. All common stock shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company. The preferred shares may be issued in series, with the powers, rights and limitations of the preferred shares to be determined by the Board.

Note 5. Provision for Income Taxes

The Company provides for income taxes under Statement of Financial Accounting Standards NO.109 Accounting for Income Taxes SFAS No. 109 requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse.

SFAS No. 109 requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. All of the expenditures thus far have been to organize the Company and will not be expensed for tax purposes until the Company has operations.

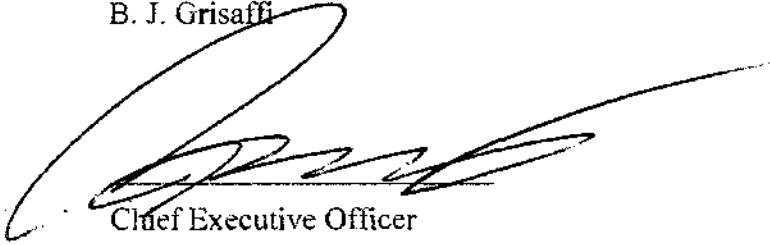
The provision for income taxes is comprised of the net changes in deferred taxes less the valuation account plus the current taxes payable as shown in the chart below.

Net changes in Deferred Tax Benefit less than valuation account	0
Current Taxes Payable	<u>0</u>
Net Provision for Income Taxes	<u>0</u>

The Federal Income Tax filings are not current with the Company.

These financial statements, and the notes thereto, are based on the best information currently available to the Company, and the best of my knowledge present fairly, in all material respects, the financial position of the Issuer and the results of its operations and cash flow for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and certified by B. J. Grisaffi, CFO of Optical Systems, Inc.

B. J. Grisaffi

A large, stylized handwritten signature in black ink, appearing to read 'B. J. Grisaffi', is written over the printed name.

Chief Executive Officer

Optical Systems, Inc.