REFLECT SCIENTIFIC INC
Form 424B3
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Registration No. 333-151239

PROSPECTUS DATED

JUNE 9 2008

REFLECT SCIENTIFIC, INC.

3,846,154 Shares of

Common Stock

This prospectus relates to periodic offers and resales of an aggregate of 3,846,154 shares of our common stock held by certain selling security holders which includes:

1,923,077 shares of our common stock underlying series A common stock purchase warrants;

1,923,077 shares of our common stock underlying series B common stock purchase warrants; and

All shares are being offered through the selling security holder. We will not receive any proceeds from the sale of the shares by the selling security holders. The shares of common stock are being offered for sale by the selling security holders at prices established on the OTC Bulletin Board (OTCBB) or other trading markets or exchanges where our stock trades or by agreement between selling security holder and the buyer during the term of this offering. There are no minimum purchase requirements. These prices will fluctuate based on the demand for the shares of common stock. Our common stock is quoted on the OTCBB under the symbol RSCF. On May 19, 2008, the closing price for our common stock was $0.85 of per share.

A current prospectus must be in effect at the time of the sale of the shares of common stock offered herein. Each selling shareholder of the common stock is required to deliver a current prospectus upon the sale. In addition, for the purposes of the Securities Act of 1933, selling shareholders may be deemed underwriters. Therefore, the selling shareholder may be subject to statutory liabilities if the registration statement, which includes this prospectus, is defective by virtue of containing a material misstatement or failing to disclose a statement of material fact.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 3 of this prospectus to read about the risks of investing in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is June 9, 2008.

Pursuant to Rule 429(a) under the Securities Act of 1933, this Prospectus is a combined prospectus, relating to the resale of shares by selling shareholders under the following Registration Statement:

Registration Statement No.	Date Originally Filed	No. of Shares of Common Stock Registered Pursuant to this Combined Prospectus	No. of Shares of Common Stock of the Registrant Originally Registered
333-145737	August 28, 2007	807,692 (1)	807,692 (1)

(1) Represents shares issuable on payment of interest on 12% Senior Convertible Debenture dated June 29, 2007, assuming each share can be used to pay $0.65 of interest on such debenture

REFLECT SCIENTIFIC HAS NOT REGISTERED THE SHARES FOR SALE BY THE SELLING SHAREHOLDERS UNDER THE SECURITIES LAWS OF ANY STATE. BROKERS OR DEALERS EFFECTING TRANSACTIONS IN THE SHARES SHOULD CONFIRM THAT THE SHARES HAVE BEEN REGISTERED UNDER THE SECURITIES LAWS OF THE STATE OR STATES IN WHICH SALES OF THE SHARES OCCUR AS OF THE TIME OF SUCH SALES, OR THAT THERE IS AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES LAWS OF SUCH STATES.

THIS PROSPECTUS IS NOT AN OFFER TO SELL ANY SECURITIES OTHER THAN THE SHARES. THIS PROSPECTUS IS NOT AN OFFER TO SELL SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH AN OFFER IS UNLAWFUL.

REFLECT SCIENTIFIC HAS NOT AUTHORIZED ANYONE, INCLUDING ANY SALESPERSON OR BROKER, TO GIVE ORAL OR WRITTEN INFORMATION ABOUT THIS OFFERING, REFLECT SCIENTIFIC**, OR THE SHARES THAT IS DIFFERENT FROM THE INFORMATION INCLUDED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS. YOU SHOULD NOT ASSUME THAT THE INFORMATION IN THIS PROSPECTUS, OR ANY SUPPLEMENT TO THIS PROSPECTUS, IS ACCURATE AT ANY DATE OTHER THAN THE DATE INDICATED ON THE COVER PAGE OF THIS PROSPECTUS OR ANY SUPPLEMENT TO IT.**

IN THIS PROSPECTUS, REFERENCES TO REFLECT SCIENTIFIC, THE COMPANY, WE, US, AND
REFER TO **REFLECT SCIENTIFIC**, INC., AND ITS SUBSIDIARIES.

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PROSPECTUS SUMMARY

This summary highlights information contained in this prospectus and may not contain all of the information that should be considered prior to investing in our shares. We encourage you to read this prospectus in its entirety, with particular attention to the information under Risk Factors and our consolidated financial statements and related notes included in this prospectus.

Our Business

Reflect Scientific is engaged in the manufacture and distribution of products targeted at the life science market. Our customers include hospitals and diagnostic laboratories, pharmaceutical and biotech companies, universities, government and private sector research facilities as well as chemical and industrial companies.

Reflect Scientific was organized under the laws of the State of Utah on November 3, 1999, under the name Cole, Inc. On December 31, 2003, we acquired Reflect Scientific, Inc., a California corporation and currently our wholly-owned subsidiary, changed our name to Reflect Scientific, Inc. and succeeded to the business operations of Reflect Scientific, Inc., which involves the manufacture and distribution of laboratory consumables and disposables such as filtration and purification products, customized sample handling vials, electronic wiring assemblies, high temperature silicone, graphite and vespel/graphite sealing components for use by original equipment manufacturers (OEM) in the chemical analysis industries, primarily in the field of gas/liquid chromatography. Since the acquisition of our lifescience business, we have acquired several other companies in an effort to expand our product lines and expertise.

Our goal is to provide our customers with the best solution for their needs. This philosophy extends into our business strategies and acquisition plans. Through a series of strategic acquisitions in 2006 and 2007, we now offer a greatly expanded line of products that take advantage of market needs. Our growing product portfolio includes ultra low temperature freezers and chemical detectors, in addition to supplying OEM products to the life science industry.

Our Visacon brand chemical detectors provide our OEM customers a cost effective detection product that allows them to extend their markets. Detectors use patented optical detection technologies that can be tailored for pharmaceutical, biotechnology or other life science applications.

Our Cryometrix brand ultra low temperature freezers innovative design enables our customers to save on energy costs related to cryogenic storage. Ultra low temperature freezers are used world wide for the storage of vaccines, DNA, RNA, proteins and many other biological and chemical samples. There is a growing need for energy efficient, reliable ultra low temperature storage units. We will, hopefully, continue to expand into this growing market with the

Cryometrix freezer.

About Us

We were incorporated in 1999 in Utah. Our principal office is located at 1270 South 1380 West, Orem, Utah 84058. Our telephone number at this location is (801) 226-4100. We also maintain a regional office in San Jose, California and Bozemen, Montana.

THE OFFERING

Securities offered by Selling Stockholders	3,846,154 shares of common stock
Common stock outstanding before the offering	34,245,153
Common stock to be outstanding after the offering	38,091,307
Use of proceeds	The only proceeds will be from the exercise of warrants. If the warrants are exercised, we will use the funds received for general working capital. If all warrants are exercised, we would result proceeds of $3,462,538. The timing of warrant exercises and reset of proceeds is difficult to determine.
OTC bulletin board symbol	RSCF

Risks	As part of your evaluation, you should take into account not only our business approach and strategy, but also special risks we face in our business. For a detailed discussion of these risks and others, see Risk Factors beginning on page 5.

Issuance of Securities to the Selling Stockholders

On June 29, 2007, pursuant to a securities purchase agreement, we issued to several institutional investors convertible debentures in the aggregate principal amount of $2,500,000 and stock purchase warrants, comprised of 1,923,077 Class A Warrants and 1,923,077 Class B Warrants, exercisable over a five year period into an aggregate of 3,846,154 shares of common stock. vFinance Investments, Inc. acted as a placement agent for the offering.

The debentures have a maturity date of June 29, 2009, and will accrue interest at a rate of 12% per annum. Payments of principal under the debentures are not due until the maturity date and interest is due on a quarterly basis, however the investors can convert the principal amount of the debentures into common stock of the Company. Interest shall be payable at the option of the Company to the Investors either in cash or in registered common stock at a fifteen percent (15%) discount to the market price. At the closing, the Company prepaid the first two quarterly interest payments out of proceeds of the offering from escrow. The conversion price of the debentures is $0.65 per share yielding an aggregate total of possible shares to be issued as a result of conversion of 3,846,154 shares. The principal amount of the debentures cannot be prepaid without the consent of the holders. The exercise price of the Class A Warrants is $0.80 per share; and the exercise price of the Class B Warrants is $1.00 per share.

The debentures and the warrants have anti-dilution protections, and the Company has agreed to certain registration rights for the resale of the shares of common stock underlying the debentures and warrants, pursuant to a registration rights agreement entered into simultaneously with the transaction. On August 28, 2007, we filed such registration statement which was declared effective by the SEC on December 21, 2007 registering the shares underlying the debentures and the shares issuable upon payment of interest on the debentures.

Summary of Financial Information

We reported revenues of approximately $1,970,279 and a net loss of approximately $507,627 for the three-month period ended March 31, 2008. At March 31, 2008, we had cash and cash equivalents of approximately $1,056,366 and working capital of approximately $2,478,925, which represented an decrease in working capital of approximately $55,501 from the amount reported at December 31, 2007, of approximately $2,534,426. The decrease in our working capital is a result of our use of the proceeds from our convertible debenture to fund operations. We believe our revenue stream will increase as we continue to grow our business, allowing us to continue to meet our existing and new financial obligations.

The following table shows selected summarized financial data for Reflect Scientific at the dates and for the periods indicated. The data should be read in conjunction with the financial statements and notes included in this prospectus beginning on page F-1.

STATEMENT OF OPERATIONS DATA:

	Three Months Ended March 31,		**Year Ended**	
	2008 (Unaudited)	**2007 (Unaudited)**	**2007**	**2006**
Revenues	$ 1,970,279	$ 1,168,020	$ 8,020,266	$ 2,572,955
Cost of Goods Sold	944,025	756,988	4,633,278	1,519,547
Operating Expenses	1,157,922	808,326	8,797,322	2,181,850
Net Income (Loss)	(507,627)	(397,355)	(7,076,619)	(978,630)
Basic Income (Loss) per Share	(0.01)	(0.01)	(0.21)	(0.03)
Weighted Average Number of Shares Outstanding	34,963,927	32,758,901	34,328,678	28,432,024

BALANCE SHEET DATA

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	March 31, 2008 (Unaudited)	December 31, 2007
Total Current Assets	$ 3,776,763	$ 3,450,815
Total Assets	9,996,164	9,818,235
Total Current Liabilities	1,297,838	916,389
Working Capital	2,478,925	2,534,426
Shareholders Equity	$ 7,796,822	$ 8,242,949

RISK FACTORS

An investment in our common stock involves a high degree of risk, and should not be made by anyone who cannot afford to lose their entire investment. You should consider carefully the risks set forth in this section, together with the other information contained in this prospectus, before making a decision to invest in our common stock. Our business, operating results and financial condition could be seriously harmed and you could lose your entire investment if any of the following risks were to occur.

<u>We are currently losing money and even with recent capital infusions, we will need to reduce our losses if we are to survive</u>.

For the year ended December 31, 2007, we had a net loss of $7,076,619 on revenues of $8,020,266. We cannot continue to cover the current losses and are striving to reduce the losses. We are hopeful that with the completion of the acquisitions started in 2006 and the addition of the new products to our portfolio, we will see revenues increasing and be able to cover our expenses. Several of the companies we acquired have products in the early phase of commercialization so we do not have a track record on which to base an estimate on future sales. Accordingly, we are analyzing our expenses and seeing were we can make adjustments to reduce our overall cost. If we are not successful in increasing revenues and/or reducing cost, there will be a substantial question as to our long term viability.

<u>Our business consist of multiple companies that were brought together over the last year and the integration of the diverse product line and work force may be difficult and in the end may be unsuccessful</u>.

Our business model for the last year and a half was focused on the acquisition of several companies that we believed had niche products with competitive advantages over existing products on the marketplace. Most of the companies we acquired had products in the very early stage of commercialization. As a result of our acquisitions which were only completed during the first quarter of 2007, our management is stretched and integrating the different companies has been time consuming. We are looking to hire additional personnel, but have not had the resources to make this commitment until recently. Our future success with these diverse companies is still unknown and an investor in Reflect Scientific will not have a track record to analyze in making a decision on if we are a good investment and if we will be successful integrating these acquisitions.

<u>Our lack of capital limits our ability to compete in the market place, which can adversely affect our market share, revenue and gross margins.</u>

Many of our competitors are substantially larger and better financed than we are. Although we recently completed a round of financing, we continue to lose money. Accordingly, we are limited in our ability to provide the marketing and research and development dollars that many of our competitors are able to invest. We are hopeful with the completion of our last acquisition, some administrative expenses will be reduced particularly associated with legal, accounting and consulting cost; however, even with reductions in these categories we must start making money to be able to invest the dollars needed to stay competitive in the marketplace. If revenues do not improve, we may have to seek additional financing and there can be no assurance additional capital will be available.

<u>Several of our key products are in the early phase of commercialization so their long-term acceptance by the marketplace is unknown, and if they are not accepted, our ability to continue will be questionable</u>.

Several of our products, including our freezers and detectors, have only recently been introduced on a commercial basis to the marketplace. Although we are hopeful on the products long-term acceptance, at this time, there is no assurance that they will be accepted by the marketplace or that there will not be another product which supersedes them before they can obtain a foothold. Much of our future success is dependent on these freezers and detectors

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and if they are not successful, our long term profitability will be very questionable. Investors in Reflect Scientific will not have the advantage of being able to look to a mature product or long-term revenue streams when making an investment decision.

The nature of our refrigerator product line creates potential liability if the refrigerator does not perform or malfunctions since they hold permissible items.

Our ultra low temperature refrigerators are designed to hold items which require extremely low temperatures. If these low temperatures are not maintained, the items inside can be destroyed. These refrigerators often hold items such as blood, plasma and other scientific compounds which must be maintained at extremely low temperatures and our often very valuable. If our refrigerators don t maintain these low temperatures, the items inside will be lost which could result in potential claims for reimbursement. We currently carry product liability insurance but there is no assurance the insurance will be able to cover all potential losses.

Our inability to adequately retain or protect our employees, customer relationships and proprietary technology could harm our ability to compete.

Our future success and ability to compete depends in part upon our employees and their customer relationships, as well as our proprietary technology and patents, which we attempt to protect with combination of patent, trademark and trade secret claims as well as with our confidentiality procedures and employee contract provisions. These legal protections afford only limited protection and are time consuming and expensive to maintain. Further, despite our efforts, we may not prevent third parties from soliciting our employees or customers or infringing upon or misappropriating our intellectual property. Our employees, customer relationships and intellectual property may not provide us with a competitive advantage adequate to prevent the competitors from entering the markets for our products and services. Additionally, our competitors, which are larger and better financed, could independently develop non-infringing technologies that are competitive with, and equivalent or superior to our technology.

The departure of certain key personnel could affect the financial condition of Reflect Scientific due to the loss of their expertise and customer relationships.

Certain key employees, primarily Kim Boyce and Tom Tait, are very closely involved in our business and have day-to-day relationships with critical customers. One of the key aspects in the purchase of our initial technology was the ability to obtain the employees responsible for developing our technology. The loss of these employees would severely hinder our ability to develop new products and improve on existing products and technology. Competition for highly skilled business, product development, technical and other personnel is intense, and we may not be successful in recruiting new personnel or in retaining our existing personnel. With the size and funding advantages enjoyed by our competitors, it may be difficult to keep key employees, particularly those in the scientific fields. A failure on our part to retain the services of these key personnel could have a material adverse effect on our operating results and financial conditions. We do not maintain key man life insurance on any of our employees. Although we do maintain employment contracts with key employees, these contracts may not be sufficient to keep the employees from leaving.

We face numerous competitors and as a result, we may not get the business we seek.

We have many competitors with comparable technology and capabilities that compete for the same group of customers. Our competitors are competent and experienced and are continuously working to take projects away from us. Many of our competitors have greater financial, technical, marketing and other resources than we do. Our ability to compete effectively may be adversely affected by the ability of these competitors to devote greater resources to the sale and marketing of their products and services.

We are a small company that relies on a few significant employees to ensure that our business operates efficiently. If we were to lose one of these employees it would effect our business operations and we would experience difficulty in replacing one of these employees.

Other larger companies have greater capital resources and therefore greater recruitment capability than Reflect Scientific. This may limit our ability to hire new talent and retain current employees. We have a very small staff of executives and significant employees. We rely on our executive officers, senior management and significant employees to ensure our business operates efficiently. The loss of such an employee could harm our business. We believe that our success in this business depends on our ability to continue to attract and retain highly skilled and knowledgeable staff.

Trading in our common stock is limited.

Our common stock is quoted on the OTC Bulletin Board. The OTC Bulletin Board is a significantly more limited market than the New York Stock Exchange or NASDAQ system. The quotation of our shares on the OTC Bulletin Board may result in a less liquid market available for existing and potential stockholders to trade shares of its common stock could depress the trading price of its common stock and could have a long-term adverse impact on our ability to raise capital in the future.

Our issuances of shares in connection with exercises of the Series A and B Warrants and conversions of the Debentures likely will result in overall dilution to market value and relative voting power of previously issued common stock, which could result in substantial dilution to the value of shares held by shareholders prior to sales under this prospectus.

The issuance of common stock in connection with exercises of the Series A and B Warrants and conversions of the Debentures by the Selling Shareholders may result in substantial dilution to the equity interests of holders of our common stock other than the Selling Shareholders. Specifically, the issuance of a significant amount of additional common stock will result in a decrease of the relative voting control of our common stock issued and outstanding prior to the issuance of common stock in connection with exercises of the Series A and B Warrants and conversions of the Debentures. Furthermore, public resales of our common stock by the Selling Shareholders following the issuance of common stock in connection with exercises of the Series A and B Warrants and conversions of the Debentures likely will depress the prevailing market price of our common stock. Even prior to the time of actual exercises, conversions, and public resales, the market overhang resulting from the mere existence of our obligation to honor such conversions or exercises could depress the market price of our common stock, which could make it more difficult for existing investors to sell their shares of our common stock, and could reduce the amount they would receive on such sales.

There is an increased potential for short sales of our common stock due to the sales of shares issued to the Selling Shareholders in connection with the Series A and B Warrants and the Debentures, which could materially effect the market price of our stock.

Downward pressure on the market price of our common stock that likely will result from sales of our common stock by the Selling Shareholders issued in connection with exercises of the Series A and B Warrants and conversions of the Debentures could encourage short sales of common stock by the Selling Shareholders or others. A short sale is defined as the sale of stock by an investor that the investor does not own. Typically, investors who sell short believe that the price of the stock will fall, and anticipate selling at a price higher than the price at which they will buy the stock. Significant amounts of such short selling could place further downward pressure on the market price of our common stock, which could make it more difficult for existing shareholders to sell their shares.

The restrictions on the number of shares issued upon exercise of the Series A and B Warrants and on conversion of the Debentures may have little if any effect on the adverse impact of our issuance of shares in connection with exercise of the Series A and B Warrants and conversion of the Debentures, and as such, the Selling Shareholders may sell a large number of shares, resulting in substantial dilution to the value of shares held by our existing shareholders.

The Selling Shareholders are prohibited, except in certain circumstances, from exercising the Series A and B Warrants and converting amounts of the Debentures to the extent that the issuance of shares would cause any Selling Shareholder to beneficially own more than 4.99% of our then outstanding common stock. These restrictions, however, do not prevent any Selling Shareholder from selling shares of common stock received in connection with an exercise or conversion, and then receiving additional shares of common stock in connection with a subsequent exercise or conversion. In this way, a Selling Shareholder could sell more than 4.99% of the outstanding common stock in a relatively short time frame while never holding more than 4.99% at one time. As a result, existing shareholders and new investors could experience substantial dilution in the value of their shares of our common stock.

The trading market for our common stock is limited, and investors who purchase shares from the Selling Shareholders may have difficulty selling their shares.

The public trading market for our common stock is limited. As of the date of this registration statement, our common stock was listed on the OTC Bulletin Board. Nevertheless, an established public trading market for our common stock may never develop or, if developed, it may not be able to be sustained. The OTCBB is an unorganized, inter-dealer, over-the-counter market that provides significantly less liquidity than other markets. Purchasers of our common stock therefore may have difficulty selling their shares should they desire to do so.

It may be more difficult for us to raise funds in subsequent stock offerings as a result of the sales of our common stock by the Selling Shareholders in connection with the Series A and B Warrants, the Debentures.

As noted above, sales by the Selling Shareholders likely will result in substantial dilution to the holdings and interest of current and new shareholders. Additionally, as noted above, the volume of shares sold by the Selling Shareholders could depress the market price of our stock. These factors could make it more difficult for us to raise additional capital through subsequent offerings of our common stock, which could have a material adverse effect on our operations.

We may face penalties if the registration process is delayed.

As a portion of our obligations under the sale of the Debentures and Warrants, we are required to file for registration for the underlying shares and to have the registration deemed effective by the SEC within certain time frames. There is no assurance that we will meet those deadlines, despite all our efforts. In the event of delay, we will incur financial penalties in accordance with the transactional documents. The use of resources to cover these obligation will take them from other plans and needs within Reflect Scientific.

We are considered a penny-stock company, which may limit the market for our common equity securities.

Our common stock is quoted on the OTCBB and currently trades below $5.00 per share. For much of our history our shares have been treated as "penny stock" within the definition of that term contained in Rules 15g-1 through 15g-9 promulgated under the Securities Exchange Act of 1934, as amended. These rules impose sales practices and disclosure requirements on certain broker-dealers who engage in certain transactions involving penny stocks. These additional sales practices and disclosure requirements could impede the sale of our securities, including securities purchased herein, in the secondary market. In general, penny stocks are low priced securities that do not have a very high trading volume. Consequently, the price of the stock is volatile and you may not be able to buy or sell the stock when you want. Accordingly, the liquidity for our securities may be adversely affected, with related adverse effects on the price of our securities.

Under the penny stock regulations, a broker-dealer selling penny stocks to anyone other than an established customer or accredited investor" (generally, an individual with a net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 together with his or her spouse) must make a special suitability determination for the purchaser and must receive the purchaser s written consent to the transaction prior to the sale, unless the broker-dealer is otherwise exempt. In addition, unless the broker-dealer or the transaction is otherwise exempt, the penny stock regulations require the broker-dealer to deliver, prior to any transaction involving a penny stock, a disclosure schedule prepared by the Securities and Exchange Commission relating to the penny stock. A broker-dealer is also required to disclose commissions payable to the broker-dealer and the Registered Representative and current quotations for the securities. A broker-dealer is additionally required to send monthly statements disclosing recent price information with respect to the penny stock held in a customer's account and information with respect to the limited market in penny stocks.

The market for our common stock is limited and there are no assurances an active market for our common stock will ever develop. Accordingly, purchasers of our common stock cannot be assured any liquidity in their investment.

You will not receive dividend payments.

We have not paid and do not plan to pay dividends in the foreseeable future even if our operations are profitable. Additionally, under the terms of the Debentures, we are not permitted to pay a dividend while they are outstanding.

Earnings, if any, will be used to expand our operations, hire additional staff, pay operating expenses and salaries, rather than to make distributions to shareholders. Future value of an investment will be tied to an increase in Reflect Scientific s enterprise value and/or market price of our common stock, if trading on an exchange or market.

We may issue more stock without shareholder input or consent which could dilute the book value of your investment.

The board of directors has authority, without action by or vote of the shareholders, to issue all or part of the authorized but unissued shares. In addition, the board of directors has authority, without action by or vote of the shareholders, to fix and determine the rights, preferences, and privileges of the preferred stock, which may be given voting rights superior to that of the common stock in this offering. Any issuance of additional shares of common stock or preferred stock will dilute the ownership percentage of shareholders and may further dilute the book value of Reflect Scientific s shares. It is likely we will seek additional capital in the future to fund operations. Any future capital will most likely reduce investors in this offerings percentage of ownership.

Current management owns most of the shares and will control Reflect Scientific.

Current shareholders and managers own 18,329,250 shares of common stock or 53.88% of the issued and outstanding shares. As a result, management will most likely be in a position to elect the Board of Directors, to dissolve, merge or sell our assets, and to direct our business affairs without shareholder input or consent. Until all of the Debentures are converted and Warrants exercised, current management will continue to be able to be in control on any matters submitted to a shareholder vote.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements under "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this prospectus constitute forward-looking statements. These statements involve risks known to us, significant uncertainties, and other factors which may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by those forward-looking statements.

You can identify forward-looking statements by the use of the words "may," "will," "should," "could," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "intends," "potential," "proposed," or "continue" or the negative of those terms. These statements are only predictions. In evaluating these statements, you should specifically consider various factors, including the risks outlined above. These factors may cause our actual results to differ materially from any forward-looking statement.

Although we believe that the exceptions reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

Use of Proceeds

We will not receive any proceeds upon the resale of shares by the selling security holders. Any proceeds that we receive will be from the selling security holders upon the exercise of the outstanding warrants. We will use these proceeds for general working capital. The actual allocation of proceeds realized from the exercise of these warrants will depend upon the amount and timing of such exercises, our operating revenues and cash position at such time and our working capital requirements. There can be no assurances that any of the outstanding warrants will be exercised.

Determination of Offering Price

Our common stock will be offered by the selling security holder in amounts, at prices, and on terms to be determined in light of market conditions at the time of sale. The shares may be resold directly by the selling stockholders in the open market at prevailing prices or through negotiations between selling shareholder and prospective buyer or through agents, underwriters, or dealers. We will not control or determine the price at which the shares are sold.

Management s Discussion and Analysis or Plan of Operations

Certain statements in this Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, among others, uncertainties relating to general economic and business conditions; industry trends; changes in demand for our products and services; uncertainties relating to customer plans and commitments and the timing of orders received from customers; announcements or changes in our pricing policies or that of our competitors; unanticipated delays in the development, market acceptance or installation of our products and services; changes in government regulations; availability of management and other key personnel; availability, terms and deployment of capital; relationships with third-party equipment suppliers; and worldwide political stability and economic growth. The words "believe", "expect", "anticipate", "intend" and "plan" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the unaudited Condensed Consolidated Financial Statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions. Reflect Scientific believes there have been no significant changes during the year ended December 31,

2007.

Reflect Scientific s accounting policies are more fully described in Note 2 of the consolidated financial statements. As discussed in Note 2, the preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about the future events that affect the amounts reported in the consolidated financial statements and the accompanying notes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual differences could differ from these estimates under different assumptions or conditions. Reflect Scientific believes that the following addresses Reflect Scientific s most critical accounting policies.

The Company recognizes revenues as required by Staff Accounting Bulletin No. 104 Revenue Recognition . Revenue is only recognized on product sales once the product has been shipped to the customers., and all other obligations and criteria of SAB 104 have been met. These criteria are: Persuasive evidence of an agreement exists,.Delivery has occurred,.Price is fixed or determinable. Collectibility is reasonable assured.

Our allowance for doubtful accounts is maintained to provide for losses arising from customers inability to make required payments. If there is deterioration of our customers credit worthiness and/or there is an increase in the length of time that the receivables are past due greater than the historical assumptions used, additional allowances may be required.

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (SFAS No. 109). Under SFAS No. 109, deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets will be reflected on the balance sheet when it is determined that it is more likely than not that the asset will be realized.

Plan of Operation

<u>For the next 12 months, we see</u>:

(1) A continued expansion of our core business through the development and commercialization of new products, that have already been identified, to meet existing market opportunities. This will be supported by an ongoing effort to create strategic marketing alliances that are targeted towards increasing net present value by optimizing cost and speed to market. Several new products are currently pending commercialization.

(2) The continuation of a complementary growth initiative, through strategic acquisitions, to improve our position with respect to tools, technologies and intellectual property as well as providing a near term increase in earnings.

(3) As part of an ongoing management process, our fund raising efforts and support for the above initiatives will be continuously reviewed and prioritized to ensure that returns are commensurate with levels of investment.

During 2006, we entered into material agreements with JSMT, LLC and Cryrometrix, Inc. These agreements resulted in the acquisition of strategic products and technologies that will allow us to increase our market penetration into the Life Sciences market.

During 2005 and 2006, we focused extensively on the acquisition of additional companies and their products and on the raising of capital to support our expanding operations. With the closing of the last acquisition in February 2007, we are changing our focus and management s efforts to more marketing and selling of the product line. Additionally, we are hopeful; we can reduce some of our expenses associated with consultants, attorneys and accountants without the need for outside support of the acquisitions.

Our Business Growth

Our sales have increased substantially from 2006 through December 2007, as we completed the acquisition of new companies and their products. We anticipate this trend to continue in the future as we continue to expand our marketing and sales efforts related to our product line. The long term growth of our product line is still unknown as we have only recently completed the final acquisitions. We are hopeful based on sales during 2007, that the product lines are becoming commercially accepted and that sales will continue to increase.

We do not anticipate we will emphasize acquisitions as we have in the past and instead will focus on managing our current product line. This will require a focus from management on the sales of these products. We completed a

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capital raise in June 2007, with the hope we will be able to use the capital to aggressively market our products and pay for the expansion resulting from the acquisitions. We anticipate the future business growth over the next twelve months to come from our current product line.

Results of Operations

December 31, 2007 and 2006

Our revenues increased during the year ended December 31, 2007, to $8,020,266 from $2,572,955 for the year ended December 31, 2006, primarily as a result of increased business from our acquisitions.

Our cost of goods increased in the period ending December 31, 2007, as compared to December 31, 2006, to $4,633,278 from $1,519,547. The difference was partly as a result of increased sales and raw material price increases. The percentage on gross margins for the two years was essentially unchanged.

Although sales increased, the increase was not sufficient to offset additional expenses as we again expanded our operations in 2007. General and administrative expenses increased to $3,447,791 during the year ended December 31, 2007, from $1,303,598 during the year ended December 31, 2006. This was due to the issuance of common stock for services in the amount of $445,526, the issuance of options to our key directors, a substantial increase in legal and accounting fees related to acquisitions, Securities and Exchange Commission regulations compliance and acquisition audits, business relocation costs and other one time costs relating to the acquisitions. We expanded operations in an effort to staff anticipated product development and product launches. Options to purchase our common stock were issued. We incurred a large expense for this issuance that was based on the fair value of the options. The fair value was determined using the Black Scholes method of valuing options. We anticipate some expenses to be less in coming periods as we will not have the acquisition expenses at the levels we had in 2007 and in the first part of 2008.

With the acquisitions, our salaries increased from $815,346 to $1,752,103 from December 31, 2006 to December 31, 2007. This was a direct result of the acquisitions. We anticipate salaries will increase further as we search for additional management personnel. We anticipate, however, that we will reduce expenses in other areas to somewhat offset future salary increases. One area we are hopeful in reducing expenses is the consulting, legal and accounting cost associated with the acquisitions.

There were larger than normal expenses associated with the acquisitions and as a result, we had a net loss of $7,076,619 for the year ended December 31, 2007, compared to net loss of $978,630 for the year ended December 31, 2006. With many of the acquisitions not closing until the first part of 2007, it will be difficult to compare last year s results with future periods or expected results going forward. We anticipate that sales will continue to increase and will be able to offset expenses going forward. Since we are in the initial phases of several product launches and these products are entering into new markets, the time frame until we reach profitability is still unknown.

March 31, 2008 and 2007

Our revenues increased during the quarter ended March 31, 2008, to $1,970,279 from $1,168,020 for the quarter ended March 31, 2007, as our products gain more commercial acceptance.

Our cost of goods increased in the quarter ending March 31, 2008, as compared to March 31, 2007 to $944,025 from $756,988. The difference was the result of increased sales. Overall, as a percentage of sales, our cost of goods sold was only approximately 48% for the three months ended March 31, 2008 compared to 64% for the quarter ended March 31, 2007. We anticipate the cost of goods sold percentage to vary by quarter depending on which products make up the largest percentage of sales during the quarter. Once our products are in the market place longer, our cost of goods sold percentage should become more fixed as a percentage of sales.

Although sales increased, the increase was not sufficient to offset additional expenses as we again expanded our operations during the quarter ended March 31, 2008. Salaries and wages increased to $617,261 during the quarter ended March 31, 2008, compared to $344,792 for the quarter ended March 31, 2007. This increase reflects the closing of all of our acquisitions and the hiring of additional personnel. We felt it was necessary to retain additional personnel in an effort to effectively market our products and take advantage of business opportunities. Rent expense also increased as we began covering the expenses of businesses acquired in the first quarter of 2007.

Even with the increase in operating expenses from $808,326 for the quarter ended March 31, 2007 to $1,157,922 for the quarter ended March 31, 2008, our operating loss decreased to $131,668 from $397,294 for the comparable period in 2007. We expect that as sales continue to increase, we will be able to continue to reduce our operating loss this year.

Interest expense was $382,542 for the quarter ended March 31, 2008. This interest expense related to interest on our debentures of $73,167 for the quarter and $309,375 related to the amortization of the discounts on the debenture.

Seasonality and Cyclicality

We do not believe our business is cyclical.

Liquidity and Capital Resources

Our cash resources at March 31, 2008, were $1,056,366, with accounts receivable of $1,327,684 and inventory of $1,194,791. We have relied on revenues and sales of equity and debt securities for cash resources. Our working capital on March 31, 2008, was $2,478,925 compared to $2,534,426 on December 31, 2007. To complete acquisitions and to fund our expanding operations, much of the working capital was used in the first part of 2007 requiring us to raise additional capital which was completed in June 2007. This capital was used to increase our manufacturing resulting in increased inventory. We hope to devote some of the available cash to marketing to help increase sales over the next twelve months.

Historically, we have financed our working capital requirements through capital funding which have generated sufficient funds to offset shortfalls and cover losses. As we continue to expand our operations, we anticipate seeking additional capital through the sale of equity securities. It is highly likely, we will again seek additional capital in the equity markets. At this time we do not know the extent of the overall financing we will need in the future. Financing will depend on how well our products are received in the marketplace.

Our long term liabilities were $901,504 on March 31, 2008. This reflects a debenture of $2.413,500, although only $866,625 is reflected because of the discounts on the debenture, in June 2009, the debenture will be due and the total amount owed will be $2,367,500, less any future conversions. If the debentures are not converted, we would probably have to seek some additional debt or equity financing to help repay the debenture. The amount of debt or

equity financing required will be dependent on how our operations perform over the next twelve months. If sales continue to increase, we may be able to repay part of the debentures with operating profits.

For the quarter ended March 31, 2008, our net cash used by operating activities was approximately $77,475 which was down from $419,692 for the quarter ended March 31, 2007. We were pleased with this reduction as it reflects our business operations are starting to cover our cash needs.

We anticipate losses to continue as we expand our sales efforts. Since the products are new to the marketplace, we are not sure how sales will be in upcoming quarters but we expect they will continue to increase and should start covering our expenses.

Off-Balance Sheet Arrangements

We have no off balance sheet arrangements as of March 31, 2008.

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Description of Business

Overview

We are engaged in the manufacture and distribution of innovative products targeted at the life science market. Our customers include hospitals and diagnostic laboratories, pharmaceutical and biotech companies, universities, government and private sector research facilities as well as chemical and industrial companies.

Our goal is to provide our customers with the best solution for their needs. This philosophy extends into our business strategies and acquisition plans. Through a series of strategic acquisitions in 2006 and 2007, we now offer a greatly expanded line of products that take advantage of market needs. Our growing product portfolio includes ultra low temperature freezers and chemical detectors, in addition to supplying OEM products to the life science industry.

Our Visacon brand chemical detectors provide our OEM customers a cost effective detection product that allows them to extend their markets. Detectors use patented optical detection technologies that can be tailored for pharmaceutical, biotechnology or other life science applications.

Our Cryometrix brand ultra low temperature freezers innovative design enables our customers to save substantially on energy costs related to cryogenic storage. Ultra low temperature freezers are used world wide for the storage of vaccines, DNA, RNA, proteins and many other biological and chemical samples. There is a growing need for energy efficient, reliable ultra low temperature storage units. We will continue to expand into this growing market with the Cryometrix freezer.

Organization

We were organized under the laws of the State of Utah on November 3, 1999, under the name Cole, Inc. On December 31, 2003, we acquired Reflect Scientific, Inc., a California corporation and currently our wholly-owned subsidiary, changed our name to Reflect Scientific, Inc. and succeeded to the business operations of Reflect Scientific, Inc., that involved the manufacture and distribution of laboratory consumables and disposables such as filtration and purification products, customized sample handling vials, electronic wiring assemblies, high temperature silicone, graphite and vespel/graphite sealing components for use by original equipment manufacturers (OEM) in the chemical analysis industries, primarily in the field of gas/liquid chromatography.

On November 29, 2005, we announced the execution of a Letter of Intent to acquire Cryomastor Corporation, a California corporation (Cryomastor sometimes called Cryometrix, its amended name). On June 27, 2006, we completed the acquisition of Cryomastor pursuant to an Agreement and Plan of Merger (the Cryomastor Merger Agreement), which became our wholly-owned subsidiary; changed its name to Cryometrix, Inc. ; and succeeded to its business operations, which involved the manufacture and sale of ultra low temperature freezers systems powered by liquid nitrogen for use in bio-repositories associated with the biotech and pharmaceutical industries, as well as government facilities, universities and many other diverse applications that require a large number of reliable and energy efficient freezers.

Effective as of April 4, 2006, we entered into a Purchase Agreement (the JMST Agreement) with JM SciTech, LLC, a limited liability company organized under the laws of the State of Colorado, and doing business as JMST Systems (JMST). Pursuant to the JMST Agreement, we purchased and JMST sold all right, title and interest in and to the JMST Technology (the JMST Technology), as described in the JMST Agreement; and David Carver, a shareholder of JMST (Carver), conveyed and assigned any rights he had in and to certain patents (the Carver Patents) and related intellectual assets as described in the JMST Agreement (collectively, including the Carver Patents referred to herein as the Carver Technology). JMST had created a line of chemical detection instruments that are used in the pharmaceutical, biotechnology and homeland security markets. The patented technology allows researchers to accurately analyze chemical formulations for their composition and identity.

On November 15, 2006, we entered into an Agreement and Plan of Merger (the Image Labs Merger Agreement) to acquire Image Acquisition Corp., a Georgia corporation by our wholly-owned subsidiary; Smithgall & Associates, Inc., dba Image Labs International, a Georgia corporation (Image Labs). Established in 1993 and located in Bozeman, Montana, Image Labs is a manufacturer and developer of factory automation equipment. The primary product lines focus in the areas of automated inspection, measurement and material handling. Effective February 28, 2007, the Image Labs Merger Agreement was completed.

On November 17, 2006, we entered into an Agreement and Plan of Merger (the The All Temp Merger Agreement) between our wholly-owned subsidiary, Cryometrix, Inc. and All Temp Engineering Inc., a California corporation (All Temp). All Temp is located in San Jose, California and has been providing engineered solutions and services to the cryogenics industry for over 23 years. All Temp serves over 1,450 companies in business sectors such as biotech, pharmaceutical, medical devices, research, universities, semiconductor, aerospace, military and industrial food processing. Effective January 19, 2007, the All Temp Merger Agreement was completed.

Business

Reflect Scientific designs, develops and sells scientific equipment for the Life Science and Manufacturing industries. Since our wholly owned subsidiary, Reflect Scientific s, organization in 1991, our focus is and has been on providing value added products, analytic testing equipment and stand alone products for the life science and industrial market place. Reflect Scientific s products range from non-mechanical CyrometrixTM freezers, products and parts for life science industry to tools and analytical services for industrial manufacturing.

All of Reflect Scientific s products and services are developed with one key factor in mind-do they provide a superior cost/benefit to the customer than other products in the same marketspace. With years of experience in the life science and industrial manufacturing markets, Reflect Scientific has been able to develop not only unique patentable products but products that we believe offer immediate advantages and cost savings over any other competing and existing products on the market.

We have developed a business model with a focus on intellectual expertise in design and development of products and solutions for life science and industrial manufacturing industries. We outsource the majority of our manufacturing allowing us to maintain flexibility to develop products across multiple lines and industries. Our strength is in providing products which we believe offer immediate verifiable cost saving solutions.

We have found many companies that can manufacture products to our specification allowing us to focus on our core competencies of development and design and maintain a flexible corporate structure capable of taking advantage of new opportunities without the large capital investment for tooling and manufacturing equipment. This focus on the intellectual expertise as opposed to manufacturing of products also allows us to develop products along multiple industries and to tailor our products to specific needs in a variety of industrial settings. Our products are sold in the biotechnology, pharmaceutical, medical industries as well as the manufacturing industries such as automotive.

PRODUCTS

Cryometrix Freezers

Our Cryometrix ultra low temperature freezers are, we believe, a technological breakthrough that provides energy savings and other critically important benefits to cryo-storage customers in the Life Science related industries. Ultra low temperature freezers are used in multiple industries for the storage of everything from blood to cancer vaccines. These freezers are used by companies and organizations like the Red Cross, hospitals and biotechnology research facilities.

Currently, the only ultra low temperature freezers are produced by only a few companies and rely on a mechanical process for cooling. Because of inadequacies in the mechanical process, we believe there is wastage of inventory each year because of the problems of proper cooling found in the mechanical freezers.

Our freezers are a complete divergence from the current technology used in ultra low temperature freezers. Through the advantages of our technology, we believe, our freezers solve the current inadequacies resulting in immediate cost savings for our clients. Current cryogenic storage equipment falls short of customer expectations in a variety of key performance criteria.

§

High energy usage a growing problem with rising energy costs

§

Inflexible temperature range existing units cannot be easily modified for colder requirements (colder temperatures are an industry trend)

§

Sample inventory is at risk in the event of a power failure

§

Poor temperature uniformity samples in different areas of the freezer can experience wide variations in temperatures which is undesirable from a regulatory standpoint.

Our Cryometrix ultra low temperature freezer uses a new patented design which is powered by liquid nitrogen. Through the use of a liquid nitrogen powered freezer system we are able to address the market need for:

§

Low energy requirements

§

Flexible temperature control wide range of usable temperatures

§

Power failures have little effect - uses passive liquid nitrogen technology rather than electrically powered compressors.

§

Uniform temperatures throughout freezer more usable storage volume

§

Much larger storage volume per area of floor space occupied reduced facilities cost

§

Reliable and essentially maintenance free; further lowering cost of ownership

We believe existing freezers are outdated and our freezers will be the direction the industry will move offering us a chance to gain a significant market share in this large market.

Detectors

Our chemical detector products serve the analytical instrumentation sector of the Life Sciences market. These optically based chemical detection instruments provide a cost-effective, high-performance alternative for original equipment manufacturers (OEM). One major use for these detectors is the analysis of whole blood for metabolic diseases.

Companies that manufacture beneficial chemicals or biotechnology products are often required to develop a methodology to detect their presence in the environment or in living tissue. Recent market trends have been toward the creation of a dedicated system that is specific for a particular chemical. As the market expands for dedicated instrumentation, certain critical issues arise.

§

Lack of high quality, high performance OEM instrumentation - large instrument manufacturers sell the service/instrument combination only under their own brand name

§

High price points - instrument company structure does not allow value pricing

Our products provide the building blocks to create such a system. Patented technology provides an array of benefits to the OEM customer.

§

High performance instrumentation - meets or exceeds industry standards for chemical detection

§

Technological breakthroughs provide cost-effective detection instrument solutions

§

Versatile configurations allow tailoring to specific customer need without the necessity for expensive custom engineering

§

Certified by various regulatory agencies for sale worldwide

With the expanding focus on the need for detectors we designed a base system that can be tooled for multiple uses offering flexibility to our customers. We intend to further penetrate the dedicated OEM instrument market through new product development and continued cost reductions in manufacturing to meet price points.

Reflect Scientific is also poised to provide consumables to the same group of customers that purchase detectors. This one stop shopping is very attractive to customers and is unique in the OEM supply industry further making Reflect Scientific the choice for OEMs.

Testing Equipment

Out testing equipment provides automated inspection products and services including part handling and automation to manufacturers of automotive and diesel catalysts and filters, exhaust systems, and OEM s including inspection of in service components such as Diesel Particulate Filters. Although there are several markets that can be addressed with these products the first to be accessed is the automotive industry. The inspection product for this market takes advantage of the increased focus on environmental protection with respect to emissions from gas and diesel engines as well as the increased attention to 100% inspection directives from OEM s. Environmental Protection Agency (EPA) Tier 2 emission standards on diesel cars and light trucks will be phased in from 2004 2010 and beyond.

Through our subsidiary, CATPRO, Inc., we will continue forward with the CATPRO line using its presence in the market and its strength as a product to position itself as a key supplier of automation equipment, inspection equipment and data management solutions.

Competition

The environment for our products and services is intensely competitive. Although the complexity of the products we produce limits the number of companies we compete with, the companies with competing technology are generally larger and often subsidiaries or divisions of very large multinational companies. Our competitors size and association with large multinational companies creates advantages over us in the ability to access potential customers. Many potential customers already purchase products either directly from our competitors or from another subsidiary of these large multinational companies creating natural inroads to sales that we do not possess.

Given our relative size verses our competitors, we often have to seek niche markets for our products or focus on selling components to be used in our competitors larger detection units. We believe, however, that our technology and experience in the ultra low freezers and detectors allows us to be competitive in our markets. However, since our products are new to the marketplace, the products long term commercial acceptance is still unknown. Most of our products compete against multiple competitors with our refrigeration products competing primarily against Thermo Fisher Scientific and Sanyo Corporation.

Growth Plan

We continue to evaluate acquisitions of businesses and technologies to enhance our revenues in the Life Science market. To that end, we recently completed the acquisition of All Temp and Image Labs, and we acquired Cryometrix in June, 2006.

We intend to seek to expand the applications for our products and equipment into additional markets as we develop brand recognition. We hope to be able to leverage off of our existing products and name recognition as we continue forward using our existing offerings and product strength to position us as a key supplier of automation equipment, inspection equipment and cryogenic storage solutions. This strategic plan will also allow for further diversification of our customer base.

All Temp provides service and installation of ultra low temperature freezers and other environmental chambers. A strong synergy with the Cryometrix freezer products also exists. We will be able to further vertically integrate our freezer line of business and gain revenues from service contracts, installations and other services provided by All Temp.

Image Labs expertise is in the field of machine vision and robotics. A key component to product extension of the Cryometrix freezers is automation. Image Labs will provide the necessary technology to create product line extensions that integrate automation into existing products. Larger automated freezer systems are used world wide for the storage of vaccines and tissues and will allow Reflect Scientific to participate in this market.

CatPro, a division of Image Labs, provides automated inspection products and services, including part handling and automation to manufacturers of automotive and diesel catalysts and filters, exhaust systems and OEM s, and inspection of in service components such as Diesel Particulate Filters.

Manufacturing, Supplies, and Quality Control

Many of our products are manufactured by third party manufactures, including our ultra low temperature freezers. We believe by outsourcing our manufacturing we are able to reduce the overall cost of our products. We do manufacture some products which are less labor and parts intensive in our facility in Orem, Utah.

Regulation and Environmental Compliance

Presently, none of our products are in highly regulated industries.

Sources and Availability of Raw Materials and Names of Principal Suppliers

Sources and availability of key materials and intermediates continue to remain stable. Where supply is considered a critical success factor for our business, we have certified vendors in place.

Dependence on One or a Few Major Customers

With the recent acquisitions and expansion of our product line, we are not dependent on any large customer.

Need for any Governmental Approval of Principal Products or Services

No products presently being manufactured or sold by us are subject to prior governmental approvals.

Effect of Existing or Probable Governmental Regulations on the Business

The integrated disclosure system for small business issuers adopted by the Securities and Exchange Commission in Release No. 34-30968 and effective as of August 13, 1992, substantially modified the information and financial requirements of a Small Business Issuer, defined to be an issuer that has revenues of less than $25 million; is a U.S. or Canadian issuer, is not an investment company, and if a majority-owned subsidiary, the parent is also a small business issuer. We are a small business issuer.

The Securities and Exchange Commission, state securities commissions and the North American Securities Administrators Association, Inc. (NASAA) have expressed an interest in adopting policies that will streamline the registration process and make it easier for a small business issuer to have access to the public capital markets.

We are also subject to the Sarbanes-Oxley Act of 2002. This Act creates a strong and independent accounting

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oversight board to oversee the conduct of auditors of public companies and strengthens auditor independence. It also requires steps to enhance the direct responsibility of senior members of management for financial reporting and for the quality of financial disclosures made by public companies; establishes clear statutory rules to limit, and to expose to public view, possible conflicts of interest affecting securities analysts; creates guidelines for audit committee members appointment, compensation and oversight of the work of public companies auditors; prohibits certain insider trading during pension bund blackout periods; and establishes a federal crime of securities fraud, among other provisions.

Section 14(a) of the Exchange Act requires all companies with securities registered pursuant to Section 12(g) of the Exchange Act to comply with the rules and regulations of the Securities and Exchange Commission regarding proxy solicitations, as outlined in Regulation 14A. Matters submitted to stockholders of our Company at a special or annual meeting thereof or pursuant to a written consent will require our Company to provide our stockholders with the information outlined in Schedules 14A or 14C of Regulation 14; preliminary copies of this information must be submitted to the Securities and Exchange Commission at least 10 days prior to the date that definitive copies of this information are forwarded to our stockholders.

We are also required to file annual reports on Form 10-K and quarterly reports on Form 10-Q with the Securities Exchange Commission on a regular basis, and will be required to timely disclose certain material events (e.g., changes in corporate control; acquisitions or dispositions of a significant amount of assets other than in the ordinary course of business; and bankruptcy) in a Current Report on Form 8-K.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts, including Duration

All patents and trademarks relating to acquisitions have been assigned to us. Where appropriate, we seek patent protection for inventions and developments made by our personnel and incorporated into our products or otherwise falling within our fields of interest.

We protect some of our technology as trade secrets and, where appropriate, we use trademarks or register trademarks used in connection with products.

Patents have been issued covering the following products:

JMST chemical detectors 4 patents issued

Cryomastor ultra low temperature freezers 1 patent issued

Catalytic Converter Testing Equipment-1 patent issued

PATENT INFORMATION

Patent number	Title	Issue	Filing	Expiration
6,804,976	High reliability multi-tube thermal exchange structure	Oct 19, 2004	Dec 12, 2003	Dec 12, 2023
6, 530, 286	Method and apparatus for measuring fluid flow	Mar 11, 2003	May 9, 2000	May 9, 2020
5, 969, 812	Spectrophotometer apparatus with dual concentric beams and fiber optic beam splitter	Oct 19, 1999	Oct 18, 1995	Oct, 18, 2015
5, 699, 156	Spectrophotometer apparatus with dual light sources and optical paths, fiber optic pick-up and sample cell therefore	Dec 16, 1997	Nov 23, 1994	Dec 16, 2014
5, 694, 215	Optical array and processing electronics and method therefore for use in spectroscopy	Dec 2, 1997	Mar 4, 1996	Mar 4, 2016
7,283,224	Face lighting for edge location in catalytic converter inspection	October 16, 2007	September 30, 2004	September 30, 2024

Royalty agreements were executed with JMST, Cryomastor, All Temp and Image Labs as a condition of the companies acquisitions. Under the terms of the royalty agreements:

JMST David Carver will receive a royalty payment on gross revenues related to revenues derived from the Carver Patents or Carver Technology. Such payments are due on revenue in excess of $500,000 derived from products under the Carver Patents or Carver Technology. The royalty payment is 2.5% on the revenue in excess of $500,000 and is payable quarterly. Payments are to be made in Reflect Scientific s common stock not to exceed 500,000 shares in total. New products developed from the Carver Technology are subject to a royalty of 3% of gross revenues in excess of $100,000, with an additional 2% if gross revenues exceed $600,000. Royalties will also be paid in our common stock annually. Common stock will be valued at $3.00 per share for these purposes. Royalty payments are only due for years where there are valid Carver Patents.

Cryometrix The prior shareholders of Cryometrix receive a 2.5% royalty on all sales, licensing or other distributions on revenue derived from products and technology received from Cryometrix. The royalty payment is not due or payable unless and until the revenue derived from such products and technology exceeds $3,000,000. The payment is payable in shares of Reflect Scientific s common stock not to exceed 2,000,000 shares in aggregate. Common stock will be valued at $1.80 or market value at time of accrual which ever is greater, for these purposes. Payments are due quarterly.

All Temp The shareholders of All Temp will receive a pro-rata running royalty totaling 5% of the gross annual revenues earned from the All Temp s business unit. This revenue covers all revenues received by the All Temp subsidiary or any other business unit of Reflect Scientific which revenue is derived from products or services derived from All Temp as part of its acquisition. The royalty is payable as long as Reflect Scientific owns and operates the All Temp business provided that the royalty is not payable if the All Temp business does not have earnings of at least 10% measured by earnings before interest and taxes. The royalty is payable quarterly within 45 days following the close of each quarter. If within three years of the closing of the acquisition of All Temp, Reflect Scientific sells or transfers All Temp, its products or services, All Temp shareholders shall receive a cash payment of six hundred thousand dollars less any accumulated royalties payable.

Image Labs The shareholders of Image Labs will receive a 2.5% running earnout on the gross revenues derived from products associated with Image Labs including value added re-sales and custom engineering business segments. This segment specifically excludes anything received from our Catpro product lines. The royalty is payable quarterly so long as Reflect Scientific owns the Image Labs product line and services and as long as the business segment achieves an earnings before interest and taxes of 10% in the quarter the royalty payments are due. The royalty last for the life of the Image Labs shareholders.

Research and Development Costs During the Last Two Fiscal Years

From January 1, 2007, to December 31, 2007, we expended $198,396 for research and development; during 2006, we expended $13,261 for research and development. The majority of the research and development on our products was completed by the companies we purchased prior to our purchase of the companies. We expect research and development cost to increase in the future with our ownership of the new companies and product line.

Employees

As of May 9, 2008, we had 38 employees on a full-time basis and 2 part time employees. None of our employees are represented under a collective bargaining agreement. We believe our relations with our employees to be good.

Reports to Security Holders

You may read and copy any materials that we file with the Securities and Exchange Commission at the Securities and Exchange Commissions Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also find all of the reports that we have filed electronically with the Securities and Exchange Commission at their Internet site www.sec.gov.

Description of Property

Reflect Scientific operates out of three facilities.

Orem, Utah - This facility is a manufacturing and office facility with 6,000 square feet of space; we lease this facility at $3,563 per month, with the lease term expiring on November 30, 2008.

San Jose, California - This facility is a manufacturing, office and showroom facility with 10,944 square feet of space; we lease this facility at $9,489 per month, with the lease term expiring on December 31, 2009.

Bozeman, Montana - This facility is a manufacturing and office facility with 9,140 square feet of space; we lease this facility at $7,617 per month, with the lease term expiring on June 30, 2010.

Selling Security Holder

On June 29, 2007, Reflect Scientific and the Selling Shareholders executed a securities purchase agreement which involved the sale of 12% Senior Convertible Debentures (the Debentures) and 3,846,154 warrants (Warrants) consisting of 1,923,077 class A and 1,923,077 class B warrants (the Series A and Series B Warrants, respectively). If all Debentures are converted, including interest thereon, and all Warrants are exercised a total of 8,500,000 shares of our common stock would be issued. The closing for this transaction occurred on June 29, 2007. This prospectus, and the registration statement of which it is a part, cover the resales of the shares to be issued to the Selling Shareholders, in connection with shares of common stock issued on exercise of the Warrants.

The following tables provides information about the actual and potential ownership of shares of our common stock by the Selling Shareholders in connection with the exercise of the Series A and B Warrants, and the number of our shares registered for sale in this prospectus. We are contractually obligated to register for resale amounts equal to 100% of the shares issued upon conversion of the Debentures and exercise of the shares issuable upon exercise of the Series A and B Warrants. We previously filed a registration statement covering the shares issuable on conversion of the Debentures. Additionally, shares issuable on exercise of the Debentures would now be available for resale under Rule 144 of the Securities Act. This prospectus and the registration statement of which it is a part covers the resale of up to 3,846,154 shares of our common stock issued or issuable to the Selling Shareholders in connection with exercise of the Series A and B Warrants.

Under the terms and conditions of the Debentures and the Series A and B Warrants, each Selling Shareholder is prohibited from converting the Debentures or exercising the Series A and B Warrants that would cause such Selling Shareholder to beneficially own more than 4.99% of the then-outstanding shares of our common stock following such issuance. This restriction does not prevent any Selling Shareholder from receiving and selling shares and thereafter receiving additional shares. In this way, a Selling Shareholder could sell more than 4.99% of our outstanding common stock in a relatively short time frame while never beneficially owning more than 4.99% of the outstanding Reflect Scientific common stock at any one time. For purposes of calculating the number of shares of common stock issuable to the Selling Shareholders assuming the conversion of the Debentures and the exercise of the full amount of the Series A and B Warrants, as set forth below, the effect of such 4.99% limitation has been disregarded. The number of shares issuable to a Selling Shareholder as described in the table below therefore may exceed the actual number of shares such Selling

Shareholder may be entitled to beneficially own under the terms and conditions of the Debenture and Series A and B Warrants. The following information is not determinative of any Selling Shareholder s beneficial ownership of our common stock pursuant to Rule 13d-3 or any other provision under the Securities Exchange Act of 1934, as amended. The selling security holders are:

Shareholders	Number of Shares Beneficially Owned	Percentage of Outstanding Shares (1)	Number of Shares Being Registered	Registered Shares as a Percentage of Outstanding Shares
Dynamic Decisions Strategic Opportunities(2) 25 Cabot Square London, E14, 4QA	769,232	2.2%	769,232	2.2%
Chestnut Ridge Partners, LP(3) 50 Tice Blvd Woodcliffe Lake, NJ 07677	384,616	1.1%	384,616	1.1%

Enable Growth Partners, LP(4) One Ferry Building, Suite 255 San Francisco, CA 94111	2,153,846	6.3%	2,153,846	6.3%
Enable Opportunity Partners, LP(5) One Ferry Building, Suite 255 San Francisco, CA 94111	403,846	1.2%	403,846	1.2%
Pierce Diversified Strategy Master Fund, LLC ENA(6) One Ferry Building, Suite 255 San Francisco, CA 94111	134,616	*	134,616	*
Total	3,846,154	11.23%	3,846,154	11.23%
	========	======	========	======

* Less than 1%

(1)

As noted above, the Selling Shareholders are prohibited by the terms of the Debentures and Series A and B Warrants from converting amounts of the Debentures or exercising the Series A Warrants that would cause it to beneficially own more than 4.99% of the then outstanding shares of our common stock. The percentages set forth are not determinative of any Selling Shareholder s beneficial ownership of our common stock pursuant to Rule 13d-3 or any other provision under the Securities Exchange Act of 1934, as amended. Inasmuch as the total allowable amount of stock at the 4.99% level is based on the then outstanding share count, these numbers are computed as the minimum amount that would be available to be converted in the event that the only additional issued (then outstanding) shares were the shares issued to the individual Selling Shareholder. The number of shares actually issuable will be subject to the then number of Selling Shareholders that convert the Debentures and exercise the Warrants. All percentages assume 34,245,153 issued and outstanding shares of common stock at May 19, 2008. Percentages assume the conversion only of the individual shareholders ownership position to the issued and outstanding amount.

(2)

Dynamic Decisions Strategic Opportunities investment making authority and dispositive power over the shares is vested in Alberto Micalizzi, the chairman of the fund.

(3)

Chestnut Ridge Partners, LP investment making authority and dispositive power over the shares is vested in Kenneth Pasternak, managing member of the general partner of the fund.

(4)

Enable Growth Partners, LP investment making authority and dispositive power over the shares is vested in Mitch Levine, managing partner of the fund.

(5)

Enable Opportunity Partners, LP investment making authority and dispositive power over the shares is vested in Mitch Levine, managing partner of the fund.

(6)

Pierce Diversified Strategy Master Fund, LLC ENA investment making authority and dispositive power over the shares is in Mitch Levine, managing partner of the fund.

All selling shareholders purchased in a private placement completed in June 2007. The private placement consisted of Debentures along with Series A and Series B Warrants. Set forth below is the amounts purchased along with the warrant allocation to each selling shareholder:

Shareholders	Debentures Purchased	Series A Warrants	Series B Warrants	Interest Shares
Dynamic Decisions Growth Premium	$500,000	-	-	138,462
Dynamic Decisions Strategic Opportunities(1)	-	384,615	384,615	-
Chestnut Ridge Partners, LP	$250,000	192,308	192,308	69,231
Enable Growth Partners, LP	$1,400,000	1,076,923	1,076,923	387,692
Enable Opportunity Partners, LP	$262,500	201,923	201,923	72,692
Pierce Diversified Strategy Master Fund, LLC ENA	$87,500	67,308	67,308	24,231
Total	$2,500,000	1,923,077	1,923,077	692,308

(1) Dynamic Decisions Strategic Opportunities received its warrant shares from Dynamic Decisions Growth Premium.

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Interest shares have been calculated based on a two years of interest payments which may be paid in shares of common stock. For purposes of calculating the interest to be paid in shares of common stock we have assumed the conversion price of the Debentures of $0.65 will be the dollar amount assigned to each share of common stock issued on the payment of interest. The first two quarter s interest payments were paid in cash and have been deducted from the interest calculations. Interest is calculated based on 12% per year. We have assumed for all calculations that the entire amount of the Debentures remains outstanding for the balance of its term which would be June 29, 2009. Accordingly, if the entire debenture remains outstanding, interest payments of $300,000 would be due each year or $75,000 per quarter. Presently, the two quarters of interest payments have been paid with cash leaving $150,000 in payments for the first year and a total of $450,000 in payments until maturity of the Debentures. We have assumed an interest payment with shares of our common stock would be made at the current conversion price of $0.65 per resulting in a total possible shares of 692,308. This assumes we pay all remaining interest payments with shares of our common stock. As we have done in the past, we may elect to pay interest with cash depending on our cash reserves and the market price of our common stock.

The selling security holders have never in the past nor currently held a position or office with Reflect Scientific. The selling security holder have not had any material relationship with Reflect Scientific during the last three (3) years.

Information on Selling Shareholders Investment

Based on the price of our common stock on the date of the sale of the Debentures, the shares issuable on conversion of the Debentures would have had a market value of:

	Number of Shares	Market price Per Share on June 29, 2007	Total Dollar of Shares on June 29, 2007 (Assuming Market Price)
Shares Registered for Conversion of Note	3,846,154	$1.70	$6,538,462
Shares Registered for Payment of Interest on Notes	807,692	$1.70	$1,373,076
Total Shares	4,653,846	$1.70	$7,911,538

Based on the purchase of the Debentures and the cost associated with such sale, we received net proceeds on the Debenture sale of:

	Payments Made or to Be Made	Proceeds to Company
Gross Proceeds		$2,500,000
Placement Agent Fees	$250,000	
Interest paid to date(1)	150,000	
Interest for Balance of First Year	150,000	
Professional Fees (Attorney)	27,787	

Total Fees First Year	$577,787	577,787
Net Proceeds to Company After One Year		$1,922,213
Interest for Second Year	$300,000	$300,000
Net Proceeds to company After Two Years		$1,622,213

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(1) We have paid the first two quarters interest payments with cash. We may make future interest payments with shares of our common stock depending on our stock price and availability of capital or continue to pay the interest with cash.

If our stock price remained at the levels when the shares were sold, we estimate the Selling Shareholders would have received proceeds from the conversion of the Debentures and interest of:

	Principal and Interest Amount	Conversion Price Per share(1)	Number of Shares upon Conversion	Market Price Per share on June 29, 2007	Market Value of Shares on June 29, 2007	Total Possible Discount to Market
Shares Issuable for Conversion of Notes	$2,500,000	$0.65	3,846,154	$1.70	$6,538,462	$4,038,462

Shares	$450,000	$0.65	692,308	$1.70	$1,176,923	$ 726,922
Issuable for Payment of Interest on Notes						
Total Shares			4,538,462	$1.70	$7,715,385	$4,765,384

(1) We have assumed a conversion price of $0.65 as set forth in the Debentures. The conversion price would be reduced if we sold equity securities at less than $0.65 per share. At this time we would not expect to sell shares at below this price. The interest conversion is based on the $0.65 or, if lower 85% of our average trading price. At this time, our stock is above these conversion amounts and we have assumed a $0.65 price on interest payments.

The following chart shows the Selling Shareholders Warrant position based on the exercise price of the Warrants and the market price of our common stock on the date of the placement of the Warrants on June 29, 2007:

	Total Number of Shares on Full Exercise	Market Price Per share on June 29, 2007	Exercise Price of Warrants	Profit Per Share	Total Combined Market Price	Total Combined Exercise Price	Total Possible Discount to Market
Shares Issuable on Exercise of Series A Warrants	1,923,077	$1.70	$0.80	$0.90	$3,269,230	$1,538,461	$1,730,769
Shares Issuable on Exercise of Series B							

Warrants							
	1,923,077	$1.70	$1.00	$0.70	$3,269,240	$1,923,077	$1,346,153
Total Shares	3,846,154						$3,076,923

Based on the price of our common stock on June 29, 2007, and the net proceeds received by Reflect Scientific, we estimate Selling Shareholders received:

Gross Proceeds			$ 2,500,000
Fees and Cost of Placement:			
Placement Agent Fees	$ 250,000		
Professional Fees (attorney)	27,787		
Interest Paid to Date	150,000		
Interest for Balance of Term of Debenture	450,000		
Total Out of Pocket Cost of Placement		$ 877,787	
Discount to Market on Shares Receivable on Note Conversion and Warrant Exercise		$ 7,842,307	
Out of Pocket Cost of Placement including Discount to Market			$ 8,720,094
Cost as a Percentage of Offering			348.80%
Cost as a Percentage of Offering over the term of Debenture			174.40%

Interest accrues and is due and payable quarterly at the rate of 12% per annum. We have paid the October 2007 interest payment of $75,000. The next interest payment was due on January 1, 2008. We may elect to make future interest payments with shares of our common stock.

Plan of Distribution

The selling security holder may, from time to time, sell any or all of their shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The Selling Shareholder may use any of the following methods when selling shares:

(1) Ordinary brokerage transaction and transactions in which the broker-dealer solicits purchasers;

(2) Block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

(3) Purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

(4) An exchange distribution in accordance with the rules of the applicable exchange;

(5) Privately negotiated transactions;

(6) Settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;

(7) Broker-dealers may agree with the Selling Shareholders to sell a specified number of such shares at a stipulated price per share;

(8) Through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;

(9) A combination of any such methods of sale; or

(10) Any other method permitted pursuant to applicable law.

The Selling Shareholders may also sell shares under Rule 144 under the Securities Act of 1933, as amended (the Securities Act), if available, rather than under this prospectus.

The selling security holder may also engage in short sales against the box after this registration statement becomes effective, puts and calls and other transactions in our securities or derivatives of our securities and may sell or deliver shares in connection with these trades.

Broker-dealers engaged by the Selling Shareholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Shareholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with NASDR Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with NASDR IM-2440.

In connection with the sale of the common stock or interests therein, the Selling Shareholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The Selling Shareholders may also sell shares of the common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The Selling Shareholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The Selling Shareholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be underwriters within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each Selling Stockholder has informed the Company that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the Common Stock. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

The Company is required to pay certain fees and expenses incurred by the Company incident to the registration of the shares. The Company has agreed to indemnify the Selling Shareholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Because Selling Shareholders may be deemed to be underwriters within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act including Rule 172 thereunder. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. There is no underwriter or coordinating broker acting in connection with the proposed sale of the resale shares by the Selling Shareholders.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the shares may be resold by the Selling Shareholders without registration and without regard to any volume limitations by reason of Rule 144(k) under the Securities Act or any other rule of similar effect or (ii) all of the shares have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale shares may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the Selling Shareholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of shares of the common stock by the Selling Shareholders or any other person. We will make copies of this prospectus available to the Selling Shareholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

Legal Proceedings

We are not currently a party to any legal proceedings that we believe will have a material adverse effect on our financial condition or results of operations.

Directors, Executive Officers, Promoters and Control Persons

The following table identifies all directors and executive officers:

Name	Age	Position	Date of Election or Designation
Kim Boyce	52	President and Director	December 2003
Tom Tait	51	Vice President & Director	December 2003
Kevin Cooksy	45	Secretary/Treasurer	January 2005
Craig D. Morrison	63	Director	January 2005
David Strate	45	CFO	October 2007

The term of office of each director is one year and until his or her successor is elected at the annual shareholders meeting and is qualified, subject to removal by the shareholders. The term of office for each officer is for one year and until a successor is elected at the annual meeting of the board of directors and is qualified, subject to removal by the board of directors.

We do not have a standing audit, nominating or compensation committee. The size of our board has not permitted the board of directors to divide up some of the corporate governance provisions. It is anticipated as our business expands, that board of director committees will be formed. At this time, however, the exact timing and the nature of such committees is unknown. As we expand our board and are able to attract independent directors we will form an audit and compensation committee. We currently have only one independent director, Craig D. Morrison, and will seek additional directors with financial and accounting knowledge to serve on these committees. At this time we do not know of any persons who will be nominated.

Biographical information

Set forth below is certain biographical information with respect to our existing officer and director.

Kim Boyce CEO, Director

Mr. Boyce, 52, is the founder of Reflect Scientific and serves as President, Chief Executive Officer and Chairman of our Board of Directors. Mr. Boyce founded Reflect Scientific in 1993. Mr. Boyce has over thirty years of experience in manufacturing, sales, distribution and management of scientific products related to companies in the chemical analysis, semiconductor fabrication and optics industries. His responsibilities have included serving as a Western Regional Sales Manager, OEM Special Accounts Manager, Plant Operations Manager and various other senior management positions within these industries.

Thomas Tait Vice President, Director

Mr. Tait, 51, serves as Vice President. Mr. Tait brings experience with accelerated product development, lean process management tools, strategic market analysis and acquisition integration. Mr. Tait joined us from Danaher Company where he was a Business Manager over a $120 million in sales product line. Mr. Tait was with Danaher from 2002 to 2004, prior to joining Reflect Scientific in 2005. From 1998 to 2002, Mr. Tait was the General Manager HyperQuan, Inc., in Colorado Springs, Colorado. HyperQuan is a technology startup focused on analytical instrumentation. Prior assignments have included Product Manager J&W Scientific and Project Manager Varian Inc. He also co-founded ChiraTech Inc, a high technology Company that was sold to Thermo Electron Corporation. Mr. Tait holds an MBA in Technology Management from the University of Phoenix and a BS in Chemistry from Clarkson University. He also holds patents in Optics and MEMS technologies.

Kevin Cooksy Secretary / Treasurer

Mr. Cooksy, 45, serves as the company s secretary and treasurer with general responsibility for financial, legal and administrative matters. Over the last twenty years, Mr. Cooksy has served in corporate legal, corporate development and finance capacities with public and private emerging technology organizations in the commercial, academic and government sectors. Mr. Cooksy has been with Agilent Technologies since 2005 in their Corporate Development group. Previously, Mr. Cooksy was a principal at Gerent LLC, a private consulting firm since 2001. He is an Honors Research Program graduate in Analytical Chemistry from Northern Illinois University and received his MBA (Finance) from The Lake Forest College Graduate School of Management (magna cum laude) and a Juris Doctor degree from the McGeorge School of Law, University of the Pacific.

Craig Morrison, MD- Board Member

Dr. Morrison, 63, serves on the Board of Directors. Dr. Morrison is a surgeon practicing in the State of Utah at the Brigham Young Student Health Center. Dr. Morrison has been a practicing surgeon since 1978 at the following hospitals: Utah Valley Regional Medical Center, Orem Community Hospital, Colombia Mountain View Hospital and Central Valley Hospital. He has been an attending and consulting staff general surgeon since 1978. Dr. Morrison received his Doctor of Medicine Degree from the University of Oregon Medical School in 1970, followed by a pediatric internship and surgical residency at the University of Southern California-Los Angeles County Hospital and the Huntington Memorial Hospital in 1975. He has provided his medical expertise and is one of the pioneering shareholders in the finance and development of Sanguine Corporation traded on the OCBB. Sanguine Corporation is a company focused on developing synthetic alternatives to blood. Dr. Morrison will support the activities of the Board lending his knowledge of startup operations gained through his long experience and development of Sanguine. Dr. Morrison is still a director at Sanguine Corporation.

David Strate

Chief Financial Officer

Mr. Strate, age 45, has been working as a CPA in public practice for over 14 years with an emphasis on public company auditing and review. Mr. Strate was previously employed by HJ & Associates, LLC in Salt Lake City, Utah. HJ & Associates, LLC is a certified public accounting firm. Mr. Strate was employed by HJ & Associates, LLC from August 2000 to September 2007. Prior to joining HJ & Associates, LLC, Mr. Strate was employed by Radiators, Inc., a regional wholesaler, as its corporate controller. Mr. Strate received his BA degree in accounting from the University of Utah. Mr. Strate does not have an employment contract.

Significant Employees

Brian Smithgall

General Manager Image Labs

Mr. Smithgall, age 50, has been involved in the machine vision industry for 25 years. He started Image Labs International (previously known as Vision 1) in 1993 to provide the custom machine vision and imaging solutions. Mr. Smithgall holds an MS in Electrical Engineering from the University of Southern California, and led two successful startups before Image Labs. He is a long time member of SPIE, SME and IEEE, and is recognized as a Certified Manufacturing Engineer with the SME Machine Vision Association, a Senior Member of the IEEE, and on the Editorial Advisory Board of Advanced Imaging Magazine. Mr. Smithgall holds patents in image processing systems and has given numerous professional papers. He led Image Labs to its selection as an IC-500 company in 2000 and 2001.

Eric Pierson

General Manager Miralogix

Mr. Pierson, age 45, has been involved in all aspects of the development of the CatPro product line used for inspection of catalytic converter monoliths including product design, market development, customer and vendor relations and web site development. Prior to this Mr. Pierson was cofounder of Pathway Systems which designed and manufactured critical components and sub-systems used by leading semiconductor and rigid memory disk equipment manufacturers. He brings strong product development skills and valuable insight to the capital equipment manufacturing arena.

John Dain

General Manager All Temp Engineering

Mr. Dain, age 48, has been involved in the field of controlled environments for 30 years. Co-founding All Temp Engineering in 1985, Mr. Dain was instrumental in growing the company and leading its development as an environmental service design company in the State of California through his expertise in engineering, attention to customer support and knowledge of cryogenic systems. Through his work with customers a new product direction was recognized and implemented via the founding of Cryomastor a company that specializes in state of the art ultra-low temperature freezers. In addition to patents, Mr. Dain has memberships in several key engineering organizations.

Nicholas Henneman

Director of Manufacturing Cryometrix

Mr. Henneman, age 50, has been involved in environmental systems for 25 years. His experience spans control logic, human interface systems, cryogenic systems and management. As President and Director of Operations for All Temp Engineering, Mr. Henneman s contribution to the growth of All Temp Engineering has been significant. His prior experience includes Section Head and Lab supervisor at Phillips Semiconductors. He was also instrumental in applying his skills in developing the Cryomastor product.

Family Relationships

There are no family relationships between our officers and directors.

None of the aforementioned directors or executive officers have, during the last five (5) years, filed for bankruptcy, was convicted in a criminal proceeding or was the subject of any order, judgment, or decree permanently, temporarily, or otherwise limiting activities (1) in connection with the sale or purchase of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws, (2) engaging in any type of business practice, or (3) acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of an investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity.

Code of Ethics

We have adopted a Code of Ethics that applies to all of our directors and executive officers serving in any capacity for our Company, including our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of March 14, 2008, the names, addresses and number of shares of common stock beneficially owned by all persons known to the management of Reflect Scientific to be beneficial owners of more than 5% of the outstanding shares of common stock, and the names and number of shares beneficially owned by all directors of Reflect Scientific and all executive officers and directors of Reflect Scientific as a group (except as indicated, each beneficial owner listed exercises sole voting power and sole dispositive power over the shares beneficially owned).

For purposes of this table, information as to the beneficial ownership of shares of common stock is determined in accordance with the rules of the Securities and Exchange Commission and includes general voting power and/or investment power with respect to securities. Except as otherwise indicated, all shares of our common stock are beneficially owned, and sole investment and voting power is held, by the person named. For purposes of this table, a

person or group of persons is deemed to have beneficial ownership of any shares of common stock, which such person has the right to acquire within 60 days after the date hereof. The inclusion herein of such shares listed beneficially owned does not constitute an admission of beneficial ownership.

All percentages are calculated based upon a total number of 34,245,153 shares of common stock outstanding as of May 9, 2008, plus, in the case of the individual or entity for which the calculation is made, that number of options or warrants owned by such individual or entity that are currently exercisable or exercisable within 60 days.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percentage of Outstanding Common stock
	Principal Shareholders		
Common Stock	Kim Boyce(1) 1270 South 1380 West Orem, Utah 84058	21,718,250	63.42%
Common Stock	Dain Family Revocable Trust 4057 Cienega Road Hollister, California 95023	2,530,000	7.39%
Common Stock	Nicholas J. Henneman P.O. Box 1175 5885 Diablo Hills Road Tres Pinos, California 95075-1175	2,470,000	7.21%
	Officers and Directors		
Common Stock	Kim Boyce	21,718,250	63.42%
Common Stock	Tom Tait(2)	361,000	1.1%
Common Stock	Kevin Cooksy	40,000	.12%
Common Stock	Craig D. Morrison, M.D.	210,000	.61%
	All directors and executive officers of the Company as a group (Four individuals)	22,329,250 ========	65.20% ======

(1) Includes 4,800,000 shares issuable upon exercise of stock options with an exercise price of $1.32 per share. The options are exercisable at any time within five years from their date of issuance in December 2007.

(2) Includes 200,000 shares issuable upon exercise of stock options with an exercise price of $1.20 per share. The options are exercisable at any time within five years from their date of issuance in December 2007.

Description of Securities

Our authorized capital stock consists of 50,000,000 shares of common stock, par value $0.01 per share and 5,000,000 shares of preferred stock, par value $0.01 per share. As of May 9, 2008, there were 34,245,153 shares of common stock outstanding and no shares of preferred stock outstanding. The following description is a summary of our securities and contains the material terms of our securities. Additional information can be found in our articles of incorporation, bylaws and other documents discussed below.

We are offering an aggregate of 3,846,154 shares of common stock issuable on exercise of Series A and B Warrants. Series A Warrants entitles the holder to purchase a total of 1,923,077 shares of common stock at an exercise price of $0.80 and Series B Warrants entitles the holder to purchase a total of 1,923,077 shares of common stock at an exercise price of $1.00 per share.

Common stock

Holders of our common stock are entitled to one vote per share with respect to each matter presented to our stockholders on which, the holders of common stock are entitled to vote. Subject to the rights of the holders of any preferred stock we may designate or issue in the future, or as may otherwise be required by law or our articles of incorporation, our common stock is our only common stock entitled to vote in the election of directors and on all other matters presented to our stockholders. The common stock does not have cumulative voting rights or preemptive rights. Subject to the prior rights of holders of preferred stock, if any, holders of our common stock are entitled to receive dividends as may be lawfully declared from time to time by our board of directors. Upon our liquidation, dissolution or winding up, whether voluntary or involuntary, holders of our common stock will be entitled to receive such assets as are available for distribution to our stockholders after there shall have been paid, or set apart for payment, the full amounts necessary to satisfy any preferential or participating rights to which the holders of any outstanding series of preferred stock are entitled.

Preferred Stock

Our board of directors is authorized to issue preferred stock in one or more series and, with respect to each series, to determine the preferences, rights, qualifications, limitations and restrictions thereof, including the dividend rights, conversion rights, voting rights, redemption rights and terms, liquidation preferences, sinking fund provisions, the number of shares constituting the series and the designation of such series.

We had previously authorized and issued a Series A Preferred Stock. All shares issued under the series A preferred stock were subsequently converted into shares of common stock and there are no shares of preferred stock outstanding.

12% Senior Convertible Debenture

On June 29, 2007, we issued $2,500,000 in 12% Senior Convertible Debentures (Debentures). The purchasers of the Debentures were the Selling Security holders listed in this prospectus. The Debentures have a maturity date of June 29, 2009, and will accrue interest at a rate of 12% per annum. Payments of principal under the Debentures are not due until the maturity date and interest is due on a quarterly basis, however the Investors can convert the principal amount of the Debentures into common stock of the Company. Interest shall be payable at the option of the Company to the Investors either in cash or in registered common stock at a rate of the lesser of fifteen percent (15%) discount to the market price calculation or $0.65. The Company paid the first two quarterly interest payments totaling $150,000. The conversion price of the Debentures is $0.65 per share yielding an aggregate total of possible shares to be issued as a result of conversion of 3,846,154 shares. Accordingly, solely for purpose of illustration if a debenture holder wanted to convert $650 in principal of the debenture, the holder would receive 1,000 shares of our common stock.

Holders of Debentures may only convert that amount of the Debenture that will not make them more than a 4.99% holder of our common stock subject to a one time waiver, at the option of the holder, on not less than 61 days notice, that they would like to increase their ownership percentage of our common stock to 9.9%. The conversion price will be reduced if we issue shares of common stock or securities convertible or exercisable into shares of our common stock at a price less than the conversion price of $0.65. While the Debentures are outstanding, we cannot pay a cash dividend on our stock.

The Debentures have anti-dilution protections, and Reflect Scientific has agreed to certain registration rights for the resale of the shares of common stock underlying the Debentures and Warrants, pursuant to a registration rights agreement entered into simultaneously with the transaction (the Registration Rights Agreement).

We believe we can make all payments required under the Debentures as long as our business continues to see increased sales and we move further towards profitability. If the share price for our common stock stays above the conversion price of the Debentures and the Selling Shareholders have the ability to sell shares of our common stock received on conversion of the Debentures at a profit, we believe they will convert the Debenture.

Warrants

Reflect Scientific has 3,846,154 warrants outstanding representing 1,923,077 Series A Warrants and 1,923,077 Series B Warrants. The warrants contain the same terms except the Series A Warrants have an exercise price of $0.80 per share of common stock and the Series B Warrants have an exercise price of $1.00 per share of common stock. The warrants are exercisable at any time within five years from the issuance date of June 29, 2007. The warrants have a cashless exercise feature allowing the holder to exchange warrants for shares with each warrant assigned a value of the difference between the exercise price and the current trading price. The warrants cashless feature is contingent upon the expiration of one year from issuance and that there then be no effective registration statement covering the underlying shares. No warrant holder may exercise warrants which would increase the holders share position of Reflect Scientific to more than 4.99% unless upon sixty one days notice the holder has requested such provision be removed in which case the holder may own up to 9.9% of Reflect Scientific s common stock. The exercise price will be reduced if Reflect Scientific issues shares of its common stock or rights to purchase shares of its common stock at a price less than the current exercise price. In such a case, the exercise price is reduced to the price Reflect Scientific issued its shares or rights to purchase its shares for to other parties.

The warrants have anti-dilution protections, and Reflect Scientific has agreed to certain registration rights for the resale of the shares of common stock underlying the Warrants, pursuant to a registration rights agreement.

Registration Rights Agreement

In connection with the Securities Purchase Agreement dated June 29, 2007, we entered into a Registration Rights Agreement, pursuant to which we agreed to file a registration statement covering the resale of the shares of our common stock issueable upon the conversion and exercise of the Debentures and Warrants issued under the securities purchase agreement no later than August 29, 2007, and to use our reasonable commercial efforts to cause such registration statement to be declared effective no later than 180 days after such date. We must use our reasonable commercial efforts to keep the registration statements continuously effective under the Securities Act until such time as all of the securities, which are subject of such registration statement have been sold or can be sold without volume limitations under Rule 144. Reflect Scientific may suspend the effectiveness for not more than sixty (60) consecutive trading days during each year.

If we fail to maintain the registration statement effectiveness during the period the securities are required to be registered, we have to pay to Selling Shareholder as liquidated damages an amount equal to one and one half percent of the original amount raised of two million five hundred thousand dollars ($2,500,000) during such time the registration statement is not effective and is required to be effective. The one and one half percent is prorated on a monthly basis for that period of the month the registration statement is not effective. Additionally, if we do not have an effective registration statement one year from the date the Warrants were issued (June 29, 2007), the Warrants have a cashless exercise feature.

The registration statement to which this prospectus is a part was filed for purposes of satisfying our obligations under the registration rights agreement as to the Warrants. A separate registration statement was filed for the Debentures and was declared effective in December 2007. Additionally, all shares issuable on conversion of the Debentures would currently meet the requirements for resale under Rule 144.

Purchases of Equity Securities by Us and Affiliated Purchasers

There were no purchases of our equity securities by us or any of our affiliates during the year ended December 31, 2006, except Tom Tait, our Vice President and a director, purchased 3,000 shares in the open market on April 19, 2006, for $1.60 per share; and 3,000 shares in the open market on April 25, 2006, for $1.50 per share.

Interest of Named Experts and Counsel

No expert or counsel named in this prospectus as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the common stock was employed on a contingency basis or had, or is to receive, in connection with the offering, a substantial interest, directly or indirectly, in the registrant or any of its parents or subsidiaries. Nor was any such person connected with the registrant or any of its parents, subsidiaries as a promoter, managing or principal underwriter, voting trustee, director, officer or employee. This prospectus and registration statement contains consolidated financial statements for the date and years ended December 31, 2007 and 2006. The financial statements contained in this prospectus and registration statement for the year ended December 31, 2007 have been audited by Mantyla McReynolds, LLC, independent registered accounting firm, as set forth in their report accompanying the consolidated financial statements and have been included herein in reliance upon such report, and upon the authority of said firm as experts in accounting and auditing. The accompanying consolidated statements of operations, stockholders equity and cash flows for the year ended December 31, 2006 have been audited by HJ & Associates, LLC, independent registered accounting firm, as set forth in their report accompanying the consolidated financial statements and have been included herein in reliance upon such report, and upon the authority of said firm as experts in accounting and auditing.

Disclosure of Commission Position of Indemnification for Securities Act Liabilities

Our officers and directors may be indemnified as provided by the Utah Revised Business Corporation Act (the URBCA) and our bylaws. Under the URBCA, director immunity from liability to a company or its shareholders for monetary liabilities is permitted if contained in the company s articles of incorporation or bylaws. Excepted from that indemnification are:

(1) an intentional infliction of harm on Reflect Scientific or its shareholders;

(2) An intentional violation of criminal law (unless the director had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful);

(3) a transaction from which the director derived an improper personal profit; and

(4) An unlawful distribution.

Our bylaws provide that we may indemnify our officers and directors and may advance all expenses incurred to any director who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was our director or officer, or is or was serving at our request as a director or executive officer of another company, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request. This advancement of expenses is to be made upon receipt of an undertaking by or on behalf of such person to repay said amounts should it be ultimately determined that the person was not entitled to be indemnified under our bylaws or otherwise. The Board of Directors may authorize the corporation to indemnify and advance expense to any officer, employee, or agent of the corporation who is not a director to the extent permitted by law.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the Act) may be permitted to directors, officers and controlling persons of Reflect Scientific pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

In the event that a claim for the indemnification against such liabilities (other than the payment by the small business issuer of expenses incurred or paid by the director, officer or controlling person of the small business issuer in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the small business issuer will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court or appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudications of such issue.

Reflect Scientific has agreed to indemnify, defend and hold the selling security holder harmless against and in respect of any and all claims, demands, losses, costs, expenses, obligations, liabilities or damages, including interest, penalties and reasonable attorney s fees, that it shall incur or suffer, which arise out of, result from or relate to any breach of the stock purchase agreement or failure to perform with respect to any of its representations, warranties, or covenants contained therein. In no event shall Reflect Scientific or the selling security holder be entitled to recover consequential or punitive damages resulting from a breach or violation of the stock purchase agreement nor shall any party have liability in the event of gross negligence or willful misconduct or the indemnified party.

At this time, there are no current or pending lawsuits which would require indemnification.

Transactions with Related Persons, Promoters and Certain Control Persons

We believe that all purchases from or transactions with affiliated parties were on terms and at prices substantially similar to those available from unaffiliated third parties.

There were no material transactions, or series of similar transactions, during our Company s last fiscal year, or any currently proposed transactions, or series of similar transactions, to which our Company or any of our subsidiaries was or is to be a party, in which the amount involved exceeded the lesser of $120,000 or one percent of the average of our total assets at year-end for the last three completed fiscal years and in which any director, executive officer or any security holder who is known to us to own of record or beneficially more than five percent of any class of our common stock, or any member of the immediate family of any of the foregoing persons, had an interest.

There were no material transactions, or series of similar transactions, during our Company s last five fiscal years, or any currently proposed transactions, or series of similar transactions, to which we or any of our subsidiaries was or is to be a party, in which the amount involved exceeded $120,000 and in which any promoter or founder of ours or any member of the immediate family of any of the foregoing persons, had an interest.

Market for Common Equity and Related Stockholder Matters

Since July 6, 2005, our common stock has been listed under the symbol RSCF on the OTCBB. Prior to July 6, 2005, our stock traded under the symbol COLH since its initial listing on May 24, 2001. The following table represents the high and low per share bid information for our common stock for each quarterly period in fiscal 2007, 2006 and 2005. Such high and low bid information reflects inter-dealer quotes, without retail mark-up, mark down or commissions and may not represent actual transactions.

	2007		2006		2005	
	High	Low	High	Low	High	Low
Quarter ended March 31	$ 1.15 $	0.92 $	2.00 $	1.45 $	0.30 $	0.25
Quarter ended June 30	$ 1.75 $	0.99 $	1.69 $	1.20 $	0.30 $	0.30
Quarter ended September 30	$ 1.88 $	1.12 $	1.22 $	0.90 $	1.82 $	0.30
Quarter ended December 31	$ 1.95 $	1.20 $	1.30 $	0.91 $	1.97 $	1.21

As of May 9, 2008, there were 34,245,153 shares of our common stock outstanding. On May 19, 2008, the high and low bid price for our common stock was $0.85 and $0.82, respectively.

Possible Sale of Common Stock Pursuant to Rule 144

Reflect Scientific has previously issued shares of common stock that constitute restricted securities as that term is defined in Rule 144 adopted under the Securities Act. Subject to certain restrictions, such securities may generally be sold in limited amounts under the current rules six months after their acquisition. In 2006, Reflect Scientific issued 5,142,175 shares of common stock to shareholders as part of acquisitions and to help raise capital. Additionally in January 2007, we issued 2,000,000 shares of common stock as part of an acquisition and in February 2007 we issued another 525,000 shares as part of a separate acquisition. The shares issued in 2006 and 2007 are available for resale under Rule 144.

Shareholders

As of May 9, 2008, Reflect Scientific had 183 shareholders of record this number does not include an indeterminate number of stockholders whose shares may be held by brokers in street name.

Control by Existing Shareholders

Currently, current management has over 50% control of the issued and outstanding shares of our common stock. Unless the Debentures are converted and Warrants exercised, current management will continue to have control over matters brought to a vote of shareholders. As a result, the person currently in control of Reflect Scientific will most likely continue to be in a position to elect at least a majority of the Board of Directors of Reflect Scientific, to dissolve, merge or sell the assets of Reflect Scientific, and generally, to direct the affairs of Reflect Scientific.

Dividends

We have not declared any cash dividends with respect to our common stock, and do not intend to declare dividends in the foreseeable future. Our future dividend policy cannot be ascertained with any certainty. There are no material restrictions limiting, or that are likely to limit, our ability to pay dividends on our securities.

Transfer Agent

Reflect Scientific s transfer agent is Interwest Stock Transfer Company, 1981 Murray-Holliday Road, Salt Lake City, Utah 84117, Telephone (801) 272-9294.

Reports to Shareholders

Reflect Scientific will prepare and file an annual report on Form 10K (Form 10KSB for the year ended 12/31/2007) with the Securities and Exchange Commission which report will contain audited financial statements. We intend to file this report within 90 days of the end of our fiscal year. This report will be available over the internet at the Securities and Exchange Commission web site www.sec.gov. We will also supply this report to any shareholders who request it. In addition, Reflect Scientific may, from time to time, issue unaudited interim reports and financial statements, as may be required under the Securities Exchange Act of 1934, as amended. These reports will also be supplied to any shareholders who request it and be available for review on the SEC web site.

Recent Sales of Unregistered Securities

During the last three years, we issued the following unregistered securities:

Common Stock Issued in Reflect California Reorganization Completed December 31, 2003

Name and Address*	Number of Shares Owned of Reflect California	Number of Shares of Our Common Stock Received in Exchange
Kim Boyce	8,171	18,723,250
Michael Dancy	43.6	100,000
Diversified Instruments, LLC	733.8	1,681,500
David Nelson	43.6	100,000
SCS, Inc.	1,008	2,310,199
Totals	10,000	22,914,949

During the year ended December 31, 2005, we sold 700,000 shares of our 2004 Series A Convertible Preferred Stock at an offering price of $1.00 per share to 26 persons who were accredited investors as that term in defined in Regulation D of the Securities and Exchange Commission.

During the calendar year ended December 31, 2005, 690,000 shares of this class of our preferred stock were converted by the holders thereof into 1,150,002 shares of our common stock.

Effective May 6, 2005, we issued 380,000 shares of our common stock to eleven persons, which included three of our directors and executive officers, for services rendered and valued at approximately $0.03 per share.

The remaining 10,000 shares of our outstanding 2004 Series A Convertible Preferred Stock was converted to 16,667 shares of our common stock.

In 2006, we issued 400,000 shares of our common stock for $0.80 per shares; and 1,073,500 shares of our common stock for $1.00 per share in two separate private placements. Additionally, in 2006, we issued 415,000 and 53,675 shares of our common stock for services.

In 2006, we also issued 200,000 shares in connection with the JMST acquisition; and 3,000,000 shares in connection with the Cryometrix merger.

On January 29, 2007, we issued 2,000,000 shares of our common stock to the four shareholders of All Temp as part of the acquisition of All Temp and on February 29, 2007 we issued 525,000 shares of our common stock to the one shareholder of Image Labs.

During the period ended March 31, 2008, we issued shares:

To whom	Date	Number of shares	Consideration
Conversion of Debenture	1/23/2008	94,615	Debt

On June 29, 2007, Reflect Scientific pursuant to the securities purchase agreement sold to five institutional investors convertible debentures in the aggregate principal amount of $2,500,000 and stock purchase warrants exercisable over a five year period for 3,846,154 shares of common stock (the Warrants) in a private placement. All purchasers are accredited investors and a form D was filed covering this transaction. The selling shareholders all purchased in this placement.

We issued all of the above securities to persons who were accredited investors or sophisticated investors as those terms are defined in Regulation D of the Securities and Exchange Commission; and each such investor had prior access to all material information about us. We believe that the offer and sale of these securities were exempt from the registration requirements of the Securities Act, pursuant to Sections 4(2) and 4(6) thereof, and Rule 506 of Regulation D of the Securities and Exchange Commission. Sales to accredited investors are preempted from state regulation.

Executive Compensation

The following table sets forth, for the fiscal years indicated, all compensation awarded to, earned by or paid to Reflect Scientific's chief executive officer and each of the other executive officers who were serving as executive officers at December 31, 2007 (collectively referred to as the "Named Executives"). No other executive officer serving from 2005 to 2007 received compensation greater than $100,000.

SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards ($) (e)	Option Awards ($) (f)	Non-Equity Incentive Plan Compensation ($) (g)	Nonqualified Deferred Compensation ($) (h)	All Other Compensation ($) (i)	Total Earnings ($) (j)
Kim Boyce	12/31/07	$105,000	0	0	3,214,456	0	0	0	$3,319,456
President &	12/31/06	$105,000	0	0	0	0	0	0	$105,000
Director	12/31/05	$105,000	0	0	0	0	0	0	$105,000
Tom Tait VP &	12/31/07	$63,077	0	0	139,101	0	0	0	202,178
Director	12/31/06	$60,000	0	*	0	0	0	0	$60,000
	12/31/05	$50,769	0	*	0	0	0	0	$50,769
Kevin Cooksy	12/31/07	0	0	0	0	0	0	0	0
	12/31/06	0	0	*	0	0	0	0	0
Sec/Treas	12/31/05	0	0	*	0	0	0	0	
Craig D. Morrison,	12/31/07	0	0	0	0	0	0	0	0
MD Director	12/31/06	0	0	*	0	0	0	0	0
	12/31/05	0	0	*	0				0
David Strate, CFO	12/31/07	$21,250	0	0	0	0	0	0	0

* Effective August 28, 2006, the following persons were issued the following shares of our common stock that were

restricted securities, for services rendered and all valued at approximately $0.03 per share: Tom Tait, 75,000 shares; Kevin Cooksy, 15,000 shares; Craig D. Morrison, M.D., 10,000 shares.

* Effective May 6, 2005, the following persons were issued the following shares of our common stock that were restricted securities, for services rendered and all valued at approximately $0.03 per share: Tom Tait, 50,000 shares; Kevin Cooksy, 25,000 shares; Craig D. Morrison, M.D., 100,000 shares; and Pamela Boyce, 50,000 shares.

Outstanding Equity Awards

Outstanding Equity Awards At Fiscal Year-End

	Option Awards					Stock Awards			
Name	Number of securities underlying unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#)
Kim Boyce	4,8000,000	4,800,000	None	$1.32	December 31, 2012	None	None	None	None
Tom Tait	200,000	200,000	None	$1.20	December 31, 2012	None	None	None	None

Compensation of Directors

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
None	None	None	None	None	None	None	None

Option/SAR Grants in Last Fiscal Year

Option Awards	Stock Awards
	Equity Incentive Plan

Name	Number of securities underlying unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares Units or Other Rights That Have Not Vested (#)	Awards Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#)
Kim Boyce	4,8000,000	4,800,000	None	$1.32	December 31, 2012	None	None	None	None
Tom Tait	200,000	200,000	None	$1.20	December 31, 2012	None	None	None	None

Stock Option Exercise

In fiscal 2007, none of the named executives exercised any options to purchase shares of common stock.

Long-Term Incentive Plan (LTIP)

There were no awards granted during fiscal year 2007, 2006, or 2005 under a long-term incentive plan.

Board of Directors Compensation

Each director may be paid his expenses, if any, of attendance at each meeting of the board of directors, and may be paid a stated salary as director or a fixed sum for attendance at each meeting of the board or directors or both. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefore. We did not compensate our directors for service on the Board of Directors during fiscal 2007, 2006 or 2005.

No other compensation arrangements exist between Reflect Scientific and our Directors.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

Reflect Scientific does not have employment contracts with Kim Boyce, Tom Tait or other officers. As part of the acquisition of several companies, we obtained employment contracts on four individuals. These employment contracts were aimed at non-compete and shop right issues. No other compensatory plan or arrangements exist between Reflect Scientific and our executive officers that results or will result from the resignation, retirement or any other termination of such executive officer s employment with Reflect Scientific or from a change-in-control of the Company.

Report on Repricing of Options/SARs

We have not adjusted or amended the exercise price of stock options or SARs previously awarded to any executive officers.

Report on Executive Compensation

The Board of Directors determines the compensation of Reflect Scientific s executive officer and president and sets policies for and reviews with the chief executive officer and president the compensation awarded to the other principal executives, if any. At this time, we do not have a compensation committee due to the size of our board of directors.

We are working to add additional directors to allow us to have a compensation committee. The compensation policies utilized by the Board of Directors are intended to enable Reflect Scientific to attract, retain and motivate executive officers to meet our goals using appropriate combinations of base salary and incentive compensation in the form of stock options. Generally, compensation decisions are based on contractual commitments, if any, as well as corporate performance, the level of individual responsibility of the particular executive and individual performance. During the fiscal year ended December 31, 2007, Reflect Scientific's chief executive officer was Kim Boyce, other executive officers included Tom Tait, vice president and Kevin Cooksy, Secretary/Treasure.

Base salaries for Reflect Scientific's executive officers are determined initially by evaluating the responsibilities of the position held and the experience of the individual, and by reference to the competitive marketplace for management talent, including a comparison of base salaries for comparable positions at comparable companies within Reflect Scientific's industry.

Reflect Scientific believes that its salaries are below average as compared to its competitors. Annual salary adjustments are determined by evaluating the competitive marketplace, the performance of Reflect Scientific, the performance of the executive, particularly with respect to the ability to manage the growth of Reflect Scientific, the length of the executive's service to Reflect Scientific and any increased responsibilities assumed by the executive.

Code of Ethics

We have adopted a Code of Ethics that applies to all of our directors and executive officers serving in any capacity for our Company, including our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions.

Board of Directors Interlocks and Insider Participation in Compensation Decisions

No such interlocks existed or such decisions were made during fiscal year 2007.

INDEX TO FINANCIAL STATEMENTS

March 31, 2008

December 31, 2007

REFLECT SCIENTIFIC, INC.

Consolidated Condensed Balance Sheets

ASSETS

		March 31, 2008 (Unaudited)		December 31, 2007
CURRENT ASSETS				
Cash	**$**	**1,056,366**	**$**	**1,154,162**
Accounts receivable		**1,327,684**		**1,371,770**
Other receivables		**29,118**		**28,517**
Inventory		**1,194,791**		**727,970**
Prepaid assets		**168,804**		**168,396**
Total Current Assets		**3,776,763**		**3,450,815**
FIXED ASSETS, NET		**253,957**		**259,884**
OTHER ASSETS				
Intangible assets, net		**5,747,778**		**5,849,036**
Deferred tax asset		**38,000**		**38,000**
Long term prepaid asset		**149,722**		**190,555**
Deposits		**29,944**		**29,945**
Total Other Assets		**5,965,444**		**6,107,536**
TOTAL ASSETS	**$**	**9,996,164**	**$**	**9,818,235**

The accompanying notes are an integral part of these consolidated financial statements

REFLECT SCIENTIFIC, INC.

Consolidated Condensed Balance Sheets (Continued)

LIABILITIES AND SHAREHOLDERS EQUITY

	March 31, 2008 (Unaudited)	December 31, 2007
CURRENT LIABILITIES		
Accounts payable	**$ 791,367**	**$ 432,392**
Short term loan	**146,022**	**147,530**
Royalty payable	**6,714**	**53,565**
Capital leases short-term portion	**19,757**	**20,016**
Accrued expenses	**142,452**	**179,778**
Contract billings in excess	**191,126**	**82,708**
Income taxes payable	**400**	**400**
Total Current Liabilities	**1,297,838**	**916,389**
LONG-TERM LIABILITIES		
Debentures, net of Discount Warrant of $1,014,149 and Discount of Beneficial Conversion Features of $532,726	**866,625**	**618,750**
Capital leases long-term portion	**34,879**	**40,147**
Notes payable		
Total Long-Term Liabilities	**901,504**	**658,897**
Total Liabilities	**2,199,342**	**1,575,286**

SHAREHOLDERS EQUITY				
Preferred stock, $0.01 par value, authorized				
5,000,000 shares; No shares issued and				
Outstanding				**-**
Common stock, $0.01 par value, authorized				
50,000,000 shares; 34,195,153 and 34,100,538 shares issued and outstanding respectively		**341,952**		**341,006**
Additional paid in capital		**16,572,648**		**16,512,094**
Accumulated deficit		**(9,117,778)**		**(8,610,151)**
Total Shareholders Equity		**7,796,822**		**8,242,949**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**$**	**9,996,164**	**$**	**9,818,235**

The accompanying notes are an integral part of these consolidated financial statements.

REFLECT SCIENTIFIC, INC.

Consolidated Statements of Operations

(Unaudited)

	For the Three Months Ended March 31, 2008	2007
REVENUES	$ 1,970,279	$ 1,168,020
COST OF GOODS SOLD	944,025	756,988
GROSS PROFIT	1,026,254	411,032
OPERATING EXPENSES		
Salaries and wages	617,261	344,792
Rent expense	65,806	43,671
General and administrative expense	474,855	419,863
Total Operating Expenses	1,157,922	808,326
OPERATING LOSS	(131,668)	(397,294)
OTHER INCOME (EXPENSE)		
Interest income	6,583	-
Interest expense	(382,542)	(61)

Total Other Expenses		**(375,959)**		**(61)**
NET LOSS BEFORE INCOME TAXES		**(507,627)**		**(397,355)**
Income tax benefit (expense)		**-**		**-**
NET LOSS	**$**	**(507,627)**	**$**	**(397,355)**
BASIC AND FULLY DILUTED INCOME(LOSS) PER SHARE	**$**	**(0.01)**	**$**	**(0.01)**
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		**34,963,927**		**32,758,901**

The accompanying notes are an integral part of these consolidated financial statements.

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REFLECT SCIENTIFIC, INC.

Consolidated Statements of Cash Flows

(Unaudited)

For the

Three Months Ended

March 31,

	2008		2007
Net loss	**$ (507,627)**	**$**	**(397,355)**
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	**14,015**		**12,494**
Amortization	**410,634**		**81,139**
Common stock issued for services	**-**		**490,000**
Changes in operating assets and liabilities:			
Increase in accounts receivable	**44,086**		**(519,739)**
Increase in inventory	**(466,820)**		**(374,930)**
Increase in other receivables	**(601)**		
Increase in income tax receivable	**-**		**1,187**
Increase in prepaid asset	**40,425**		**(477,914)**
Decrease in other assets	**-**		**300**
Increase in accounts payable and accrued expenses	**388,413**		**765,126**
Net Cash Used by Operating Activities	**(77,475)**		**(419,692)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for fixed assets	**(8,088)**		**(8,127)**
Net Cash Used by Investing Activities	**(8,088)**		**(8,127)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on notes payable	**(10,724)**		**(6,213)**

Lines of Credit		**(1,509)**		**-**
Proceeds from stock subscriptions		**-**		**277,550**
Proceeds from common stock issuance		**-**		**49,055**
Net Cash Provided by Financing Activities		**(12,233)**		**320,392**
NET		**(97,796)**		**(107,427)**
INCREASE (DECREASE) IN CASH				
CASH AT BEGINNING OF PERIOD		**1,154,162**		**271,038**
CASH AT END OF PERIOD	**$**	**1,056,366**	**$**	**163,611**

The accompanying notes are an integral part of these consolidated financial statements.

REFLECT SCIENTIFIC, INC.

Consolidated Statements of Cash Flows (continued)

(Unaudited)

SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash Paid For:				
Interest	**$**	**8,950**	**$**	**61**
Income taxes	**$**	**-**	**$**	**-**
NON-CASH FINANCING ACTIVITIES:				
Stock issued pursuant to Company mergers	**$**	**-**	**$**	**2,435,870**
Common stock subscription receivable issued	**$**	**-**	**$**	**257,251**
Common stock issued for services	**$**	**-**	**$**	**490,000**

The accompanying notes are an integral part of these consolidated financial statements

NOTE 1 -

BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company pursuant to accounting principles generally accepted in the United States of America. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in accordance with rules and regulations of the Securities and Exchange Commission. The information furnished in the interim condensed consolidated financial statements include normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim condensed consolidated financial statements be read in conjunction with the Company s most recent audited consolidated financial statements and notes thereto included in its December 31, 2007 financial statements. Operating results for the three months ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

NOTE 2 -

ORGANIZATION AND DESCRIPTION OF BUSINESS

Cole, Inc. (the Company) was incorporated under the laws of the State of Utah on November 3, 1999. The Company was organized to engage in any lawful activity for which corporations may be organized under the Utah Revised Business Corporation Act. On December 30, 2003 the Company changed its name to Reflect Scientific, Inc.

Reflect Scientific, Inc. a California corporation, was incorporated on September 14, 1993, under the laws of California to engage in the manufacture of test kits for use in scientific studies.

On December 30, 2003, pursuant to an Agreement and Plan of Reorganization, the Company completed a reverse merger with the shareholders of Reflect Scientific, Inc. in which it acquired 100% of Reflect Scientific, Inc., a California corporation in exchange for 22,914,949 common shares of the Company. The terms of the acquisition are detailed in an 8-K filing dated December 31, 2003. Under the terms of the agreement, the President of Reflect Scientific, Inc. became the President of the Company and was elected to the Board of Directors. The acquisition was accounted for as a recapitalization of Reflect Scientific, Inc. because the members of Reflect Scientific, Inc. controlled the Company after the acquisition. Reflect Scientific, Inc. was treated as the acquiring entity for accounting purposes and Cole, Inc. was the surviving entity for legal purposes. There was no adjustment to the carrying values of the assets or liabilities of Reflect Scientific, Inc. and no goodwill was recorded. The operations for the year ended

December 31, 2006 and 2005 are those of Reflect Scientific, Inc. Effective January 19, 2007 the Company finalized an Agreement and Plan of Merger agreement with All Temp Engineering, Inc. Effective March 6, 2007, the Company finalized an Agreement and Plan of Merger agreement with Image Labs, International. The terms of the agreements are detailed in a 10-QSB filing dated March 31, 2007. The Company entered into these mergers after considering All Temp s and Image Lab s business history, financial condition, and intellectual property. The

REFLECT SCIENTIFIC, INC.

Notes to the Consolidated Financial Statements (continued)

March 31, 2008

NOTE 2 -

ORGANIZATION AND DESCRIPTION OF BUSINESS (continued)

Company has a desire to expand its services and attract and retain talented technical personnel and believed there were strategic and financial advantages to combining the businesses.

NOTE 3 CONVERTIBLE DEBENTURES AND WARRANTS

On June 29, 2007, the Company entered into an agreement to sell $2,500,000 in 12% senior convertible debentures with a maturity date of June 29, 2009, with interest due quarterly. At the closing, the Company prepaid the first quarterly interest payment out of the proceeds of the offering from escrow and placed in escrow the second quarterly interest payment for a total of $150,000. The agreement allows for the Company to pay the interest in cash or in duly authorized, validly issued, fully paid and non-assessable shares of common stock at the interest conversion rate, or a combination thereof.

The debentures have a conversion price of $0.65. If the Company, at any time while the debenture is outstanding, pays stock dividends, subdivides outstanding shares, sells or grants any option to purchase or dispose of common stock at an effective price lower than the conversion price, issue rights, options or warrants at a price lower than the conversion price, etc., the Company shall promptly deliver to each Holder a notice setting forth the conversion price after such adjustment and provide a brief statement of facts requiring such adjustment. In addition, if the volume weighted average price for each of any 20 consecutive trading days exceeds 250% of the conversion price, the Company may, within one trading day deliver a written notice to the holder and force the holder to convert a principal amount of the debenture equal to all or part of the holder s portion of the forced conversion amount.

The agreement also provides for the issuance of 1,923,077 A warrants and 1,923,077 B warrants. The warrants are exercisable at a price of $0.80 per share for the A warrant and $1.00 per share for the B warrant and expire June 29, 2012. The Company valued the warrants using the Black-Scholes option pricing model. For the purpose of the valuation of the warrants, the Company calculated a volatility of 66.48% on its common stock and used the U. S. Treasury bill rate of 4.94% for its risk free rate. Then the Company allocated a portion of the proceeds to the warrants, based on the relative fair value basis, in the amount of $1,639,029 which is recognized as a contra liability account and will be amortized as interest expense over the 2 year term of the agreement. The intrinsic value of beneficial conversion of the debentures was valued at $5,677,491, which exceeds the effective value of the debentures of $860,971. Therefore, the discount assigned to the beneficial conversion feature is limited to $860,971 and is recognized as a contra liability account and will be amortized as interest expense over the 2 year term of the agreement.

As payment for services provided, the Company also issued 192,308 A warrants and 192,308 B warrants which were valued at $475,925 using the Black-Scholes option pricing model and expensed in the current period.

REFLECT SCIENTIFIC, INC.

Notes to the Consolidated Financial Statements

March 31, 2008

NOTE 3 CONVERTIBLE DEBENTURES AND WARRANTS (continued)

The debentures and warrants have anti-dilution protections, and the Company has agreed to certain registration rights for the resale of the shares of common stock underlying the debentures and warrants.

A summary of the status of the Company s outstanding stock warrants as of March 31, 2008 and changes during the period then ended is presented below:

	2008		
	Shares		Weighted Average Exercise Price
Outstanding, beginning of year	4,230,770	$	.90
Granted	-		-
Expired/Cancelled	-		-
Exercised	-		-
Outstanding March 31, 2008	4,230,770	$	.90
Exercisable	4,230,770	$	.90

	Outstanding		**Exercisable**
		Weighted Average	**Number Exercisable at**

Range of Exercise Prices		Number outstanding at March 31, 2008	Remaining Contractual Life	March 31, 2008
$	0.80	2,115,385	5.00	2,115,385
	1.00	2,115,385	5.00	2,115,385
		4,230,770		4,230,770

NOTE 4 EQUITY TRANSACTIONS

During the three month period ended March 31, 2008, the Company issued 94,615 shares of its common stock for the conversion of $61,500 debt pursuant to the convertible debenture agreement dated June 29, 2007

NOTE 5 SUBSEQUENT EVENT

On May 1, 2008 the Company issued 50,000 shares of its common stock for the conversion of $32,500 of debt related to the convertible debenture.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders of

Reflect Scientific, Inc. and Subsidiaries

Orem, Utah

We have audited the accompanying consolidated balance sheet of Reflect Scientific, Inc. and Subsidiaries as of December 31, 2007, and the related consolidated statements of operations, stockholder s equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with 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 consolidated financial statements are free of material misstatement. The Company has determined that it 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 purposes of expressing an opinion on the effectiveness of the Company s internal controls over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Reflect Scientific, Inc. and Subsidiaries as of December 31, 2007, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ *Mantyla McReynolds, LLC*

Mantyla McReynolds, LLC

Salt Lake City, Utah

April 4, 2008

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of

Reflect Scientific, Inc.

Orem, Utah

We have audited the accompanying consolidated balance sheet of Reflect Scientific, Inc. at December 31, 2006, and the related consolidated statements of operations, stockholders equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Reflect Scientific, Inc. at December 31, 2006, and the consolidated results of their operations and cash flows for the year ended December 31, 2006 in conformity with United States generally accepted accounting principles.

The Company has restated the consolidated financial statements for the year ended December 31, 2006 to correct the valuation of its acquisition of certain intangible assets which is described in Note 11. The Company has also added Note 12 to better describe its acquisition and valuation of a business. (December 31, 2006 10-KSB/A)

HJ & Associates, LLC

Salt Lake City, Utah

March 20, 2007, except for Notes 11 and 12 as to which the date is May 21, 2007

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Consolidated Balance Sheet

ASSETS

		December 31, 2007		December 31, 2006 (Restated)
CURRENT ASSETS				
Cash	$	1,154,162	$	271,038
Accounts receivable, net (Note 2)		1,371,770		389,591
Other receivables		28,517		
Inventory (Note 4)		727,970		364,796
Prepaid assets		168,396		13,852
Total Current Assets		3,450,815		1,039,277
FIXED ASSETS, NET (Note 3)		259,884		211,021
OTHER ASSETS				
Intangible assets, net		5,849,036		4,736,827
Prepaid assets long-term		190,555		
Income tax receivable				25,948
Deferred tax asset		38,000		316,000
Deposits		29,945		13,400
Total Other Assets		6,107,536		5,092,175
TOTAL ASSETS	$	9,818,235	$	6,342,473

The accompanying notes are an integral part of these consolidated financial statements.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Consolidated Balance Sheet (Continued)

LIABILITIES AND SHAREHOLDERS EQUITY

		December 31, 2007	December 31, 2006 (Restated)
CURRENT LIABILITIES			
Accounts payable	$	432,392	225,721
Short-term lines of credit		147,530	18,353
Royalty payable		53,565	
Contract billings in excess		82,708	
Capital leases short term portion		20,016	
Accrued expenses		179,778	25,949
Income taxes payable		400	400
Total Current Liabilities		916,389	270,423
NON-CURRENT LIABILITIES			
Notes payable			61,706
Convertible debenture (net of discount Note 11)		618,750	
Capital leases long-term portion		40,147	
Total Non-Current Liabilities		658,897	61,706
Total Liabilities		1,575,286	332,129
COMMITMENTS AND CONTINGENCIES (Note 5)			

SHAREHOLDERS EQUITY				
Preferred stock, $0.01 per value, authorized 5,000,000 shares;				
no shares issued and outstanding		-		
Common stock, $0.01 par value, authorized 50,000,000 shares;				
34,100,538 and 30,688,344 shares issued and outstanding respectively		341,006		306,889
Additional paid in capital		16,512,094		6,979,735
Subscription receivable				257,251
Accumulated deficit		(8,610,151)		(1,553,351)
Total Shareholders Equity		8,242,949		6,010,344
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$	9,818,235	$	6,342,473

The accompanying notes are an integral part of these consolidated financial statements.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

		For the Year Ended December 31, 2007		2006
REVENUES	$	8,020,266	$	2,572,955
COST OF GOODS SOLD		4,633,278		1,519,547
GROSS PROFIT		3,386,988		1,053,408
OPERATING EXPENSES				
Salaries and wages		1,752,103		815,346
Rent expense		243,871		62,906
Stock based compensation		3,353,557		-
General and administrative expense		3,447,791		1,303,598
Total Operating Expenses		8,797,322		2,181,850
OPERATING INCOME (LOSS)		(5,410,334)		(1,128,442)
OTHER INCOME (EXPENSE)				
Forgiveness of debt		-		(200,000)
Other income		17,209		23,707
Loss on sale of asset		-		(16,618)
Interest expense		(1,405,494)		(25)
Total Other Expenses		(1,388,285)		(192,936)

INCOME (LOSS) BEFORE INCOME TAX EXPENSE		(6,798,619)		(1,321,378)
Income tax expense (benefit)		278,000		(342,748)
NET LOSS	$	(7,076,619)	$	(978,630)
BASIC AND FULLY DILUTED INCOME(LOSS) PER SHARE	$	(0.21)	$	(0.03)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		34,328,678		28,432,024

The accompanying notes are an integral part of these consolidated financial statements.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Consolidated Statements of Shareholder s Equity

	Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Stock Subscription	Accumulated Deficit
Balance, December 2005	10,000	$ 100	25,530,002	$255,300	$1,210,337	-	$(554,901)
Common stock issued for cash	-	-	400,000	4,000	316,000		-
Common stock issued pursuant to merger with Cryomastor	-		3,000,000	30,000	3,720,000		-
Common stock issued pursuant to JM SciTech, LLC purchase (restated)	-		200,000	2,000	158,000		-
Common stock issued for cash	-		1,073,500	10,735	1,062,765		-
Common stock issued for services	-		415,000	4,150	390,100		-
Common stock issued for commissions	-		53,675	537	51,528		-
Stock offering costs	-		-	-	(52,065)		-
Common stock subscription	-		-	-	-	257,251	-
Conversion of Preferred shares	(10,000)	(100)	16,667	167	(67)	-	-
Contributed Capital	-	-	-	-	123,127	-	-
Net loss for the year ended December 31, 2006	-		-	-	-		(978,630)

Balances, December 31, 2006 (restated)	-	$ -	30,688,844	$306,889	$6,979,735	$257,251	$(1,533,531)
Common stock issued for subscription	-	-	336,336	3,363	253,889	(257,251)	-
Common stock issued for acquisition of subsidiaries	-	-	2,525,000	25,250	2,604,000	-	-
Common stock used for employment agreement	-	-	500,000	5,000	485,000	-	-
Common stock issued for cash	-	-	168,001	1,680	119,320	-	-
Common stock issued for services	-	-	431,235	4,312	441,214	-	-
Common stock issued for subscriptions	-	-	370,067	3,701	273,849	-	-
Contributed capital	-	-	-	-	51,416	-	-
Beneficial conversion feature of convertible debenture	-	-	-	-	860,971	-	-
Warrants issued in conjunction with convertible debenture	-	-	-	-	2,114,954	-	-
Common stock returned pursuant to agreement	-	-	(1,000,000)	(10,000)	(1,050,000)	-	-
Cashless exercise of warrants	-	-	42,593	426	(426)	-	-
Partial conversion of convertible debenture	-	-	38,462	385	24,615	-	-
Options issued	-	-	-	-	3,353,557	-	-
Net loss fro the years ended December 31, 2007	-	-	-	-	-	-	(7,076,619)
Balance, December 31, 2007	-	$ -	$34,100,538	$341,006	$16,512,094	$ -	$(8,610,151)

The accompanying notes are an integral part of these consolidated financial statements.

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REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Year Ended

December 31,

		2007		2006
Net loss	$	(7,076,619)	$	(978,630)
Adjustments to reconcile net income to net cash				
provided by operating activities:				
Depreciation		46,336		11,238
Amortization		1,014,087		123,173
Common stock issued for services		445,526		446,315
Warrants issued for services		475,925		-
Loss on sale of asset		-		16,618
Options granted		3,353,557		
Changes in operating assets and liabilities:				
Increase in accounts receivable		(982,179)		(72,317)
Increase in other receivables		(27,349)		
Increase in inventory		(133,930)		(59,112)
(Increase) decrease in income tax receivable		24,780		(25,948)
(Increase) decrease in prepaid asset		144,901		(9,489)
Decrease in deferred tax asset		278,000		-
(Increase) decrease in other asset		(16,544)		(324,050)
Increase in royalties payable		53,565		-
Increase in accounts payable and accrued expenses		469,631		17,183
Net Cash Used by Operating Activities		(1,930,313)		(855,019)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash paid for fixed assets		(37,739)		(217,927)
Cash paid for intangible assets		(200,000)		(1,354,905)
Net Cash Used by Investing Activities		(237,739)		(1,572,832)
CASH FLOWS FROM FINANCING ACTIVITIES				

Change in long term line of credit		129,177		18,353
Principle payments on capital leases		(1,552)		61,706
Proceeds from stock subscription		277,550		257,251
Proceeds from common stock issuance		121,001		2,311,605
Contributed capital		25,000		-
Proceeds from issuance of debenture		2,500,000		-
Net Cash Provided by Financing Activities		3,051,176		2,648,915
NET INCREASE (DECREASE) IN CASH		883,124		(221,064)
CASH AT BEGINNING OF PERIOD		271,038		492,102
CASH AT END OF PERIOD	$	1,154,162	$	271,038
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash Paid For:				
Interest	$	-	$	25
Income taxes	$	800	$	6,008
NON-CASH FINANCING ACTIVITIES:				
Common stock issued for services	$	445,526	$	446,315

The accompanying notes are an integral part of these consolidated financial statements

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REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 1 -

ORGANIZATION AND DESCRIPTION OF BUSINESS

Cole, Inc. (the Company) was incorporated under the laws of the State of Utah on November 3, 1999. The Company was organized to engage in any lawful activity for which corporations may be organized under the Utah Revised Business Corporation Act. On December 30, 2003 the Company changed its name to Reflect Scientific, Inc.

Reflect Scientific, Inc. a California Corporation, was incorporated on June 14, 1993, under the laws of California to engage in the manufacture of test kits for use in scientific studies.

On December 30, 2003, pursuant to an agreement and plan of reorganization, the Company completed a reverse merger with the shareholders of Reflect Scientific, Inc. in which it acquired 100% of Reflect Scientific, Inc., a California Company in exchange for 22,914,949 common shares of the Company. The terms of the acquisition are detailed in an 8-K filing dated December 31, 2003. Under the terms of the agreement, the President of Reflect Scientific, Inc. became the President of the Company and was elected to the Board of Directors, the acquisition was accounted for as a recapitalization of Reflect Scientific, Inc. because the members of Reflect Scientific, Inc. controlled the Company after the acquisition. Reflect Scientific, Inc. was treated as the acquiring entity for accounting purposes and Cole, Inc. was the surviving entity for legal purposes. There was no adjustment to the carrying values of the assets or liabilities of Reflect Scientific, Inc. and no goodwill was recorded. The operations for the year ended December 31, 2007 and 2006 are those of Reflect Scientific, Inc.

Cryomastor, (renamed Cryometrix) was acquired in its entirety through a merger agreement on June 27, 2006 where Reflect Scientific issued 3,000,000 shares of common stock as well as $700,000 in cash to Cryomastor shareholders. In addition John Dain was paid $300,000 for the assignment of a key product patent to Reflect Scientific. The acquired assets will allow Reflect Scientific to manufacture and market cryogenic storage systems without significant investment in infrastructure.

All Temp Engineering was acquired in its entirety through a merger agreement on January 19, 2007 where Reflect Scientific issued 1,000,000 shares of common stock to All Temp Engineering shareholders. The Company entered into this merger after considering All Temp s business history, financial condition, and intellectual property. The Company has a desire to expand its services and attract and retain talented technical personnel and believed there were strategic and financial advantages to combining the businesses.

Image Labs International was acquired in its entirety through a merger agreement on March 6, 2007 where Reflect Scientific issued 525,000 shares of common stock as well as $200,000 in cash to Image Labs International shareholders.

NOTE 2 -

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Method

The Company s financial statements are prepared using the accrual method of accounting. The Company has elected a December 31 year-end.

b.

Revenue Recognition

The Company recognizes revenues as required by Staff Accounting Bulletin No. 104 Revenue Recognition . Revenue is only recognized on product sales once the product has been shipped to the customers., and all other obligations and criteria of SAB 104 have been met. These criteria are: Persuasive evidence of an agreement exists,.Delivery has occurred,.Price is fixed or determinable. Collectibility is reasonable assured.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 2 -

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. Cash and Cash Equivalents

The company considers all deposit accounts and investment accounts with a maturity of one year or less to be cash equivalents. As of December 31, 2007 and 2006 the company had no cash equivalents.

e. Accounts Receivable

The Company writes off trade receivables when deemed uncollectible. The Company estimates allowance for doubtful accounts based on the aged receivable balances and historical losses. The Company charges off uncollectible accounts when management determines no there is no possibility of collecting the related receivable. The Company considers accounts receivable to be past due or delinquent based on contractual terms, which is generally net 30 days.

The Company charged $82,344 and $0 to bad debt expense for the years ended December 31, 2007 and 2006, respectively. The allowance for doubtful accounts balance at December 31, 2007 was $80,161.

f. Fixed Assets

Fixed assets are stated at cost. Expenditure for minor repairs, maintenance, and replacement parts which do not increase the useful lives of the assets are charged to expense as incurred. All major additions and improvements are capitalized. Depreciation is computed using the straight-line method. The lives over which the fixed assets are depreciated range from 5 to 7 years.

g. Inventory

Inventories are stated at the lower of cost or market value based upon the First-In First-Out (FIFO) inventory method. The Company s inventory consists of parts for scientific vial kits, refrigerant gases and other scientific items.

h. Advertising Expense

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company recognized $42,654 and $8,928 of advertising expense during the years ended December 31, 2007, and 2006, respectively.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

i. Newly Issued Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. SFAS No. 159 allows entities to voluntarily choose, at specified election dates, to measure many financial assets and financial liabilities at fair value. The election is made on an instrument-by-instrument basis and is irrevocable. If the fair value option is elected for an instrument, SFAS No. 159 specifies that all subsequent changes in fair value for that instrument shall be reported in earnings. SFAS No. 159 is effective as of the beginning of an entity s first fiscal year that begins after November 15, 2007. We do not anticipate a material impact upon adoption of SFAS No. 159.

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations. SFAS No. 141(R) changes the accounting for and reporting of business combination transactions in the following way: Recognition with certain exceptions, of 100% of the fair values of assets acquired, liabilities assumed, and non controlling interests of acquired businesses; measurement of all acquirer shares issued in consideration for a business combination at fair value on the acquisition date; recognition of contingent consideration arrangements at their acquisition date fair values, with subsequent changes in fair value generally reflected in earnings; recognition of pre-acquisition gain and loss contingencies at their acquisition date fair value; capitalization of in-process research and development (IPR&D) assets acquired at acquisition date fair value; recognition of acquisition-related transaction costs as expense when incurred; recognition of acquisition-related restructuring cost accruals in acquisition accounting only if the criteria in Statement No. 146 are met as of the acquisition date; and recognition of changes in the acquirer s income tax valuation allowance resulting from the business combination separately from the business combination as adjustments to income tax expense. SFAS No. 141(R) is effective for the first annual reporting period beginning on or after December 15, 2008 with earlier adoption prohibited. The adoption of SFAS No. 141(R) will affect valuation of business acquisitions made in 2009 and forward.

In December 2007, the FASB issued SFAS No. 160 "Noncontrolling Interest in Consolidated Financial Statements an Amendment of ARB 51" (SFAS 160). SFAS 160 clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. It also requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest, and requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. SAFS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. We do not anticipate a material impact upon adoption.

In March 2008, the FSAB issued FASS No. 161, Disclosures about Derivative Instruments and Hedging Activities. SFAS 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. We do not anticipate a material impact upon adoption.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 2 -

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j.Basic Earnings Per Share

The computation of earnings per share of common stock are based on the weighted average number of shares outstanding during the period of the consolidated financial statements as follows:

	For the Years Ended December 31,			
		2007		2008
Net loss (numerator)	$	(7,076,619)	$	(978,630)
Shares (denominator)		34,328,678		28,432,024
Net loss per share amount	$	(0.21)	$	(0.03)

As of December 31, 2007 the Company had 9,151,895 shares of outstanding common stock equivalents, however the company experienced a net loss during the year. The net loss would make the common stock equivalents anti-dilutive and as such the diluted earnings per share will not be calculated.

k.

Shipping and Handling Fees and Costs

The Company records all shipping and handling cost in cost of goods sold.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 2 -

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l.

Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The provision (benefit) for income taxes for the year ended December 31, 2007 and 2006 consist of the following:

		2007		2006
Federal:				
Current	$	-	$	(291,336)
Deferred		235,493		
State:				
Current		950		100
Deferred		41,557		(51,512)
	$	278,000	$	(342,749)

Net deferred tax assets consist of the following components as of December 31, 2007 and 2006:

		2007		2006
Deferred tax assets:				
NOL Carryover	$	808,420	$	315,993
Deferred tax assets from 2006		315,993		
Deferred tax liabilities:				
Depreciation		-		-
Valuation allowance		(1,086,413)		
Net deferred tax asset (liability)	$	38,000	$	315,993

The income tax provision differs from the amount of income tax determined by applying the U.S. federal and state income tax rates of 34% to pretax income from continuing operations for the year ended December 31, 2007 and 2006 due to the following.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 2 -

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j.

Income Taxes (Continued)

		2007		2006
Expected Tax Expense	$	(2,312,979)	$	(451,284)
Meals & Entertainment		523		1,398
Stock for Services		1,504,188		134,045
Depreciation		(152)		(152)
Income Tax		-		-
		(808,420)		(315,993)

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carryforwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carryforwards may be limited as to use in future years. At December 31, 2006, the Company had net operating loss carryforwards of approximately $929,400 that may be offset against future taxable income from the year 2006 through 2026. During 2007 the company reevaluated its deferred tax assets and concluded that the asset should be limited to the amount of the asset that is available for NOL carryback. The valuation allowance was increased and leaves the company with a deferred tax asset of $38,000 as of December 31, 2007.

Prior to the reverse acquisition of Reflect by Cole, Inc. the Company was a subchapter S corporation. All income and expenses were passed through to the Company s shareholder, therefore no tax liabilities existed at December 31, 2003.

The Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, on January 1, 2007. As a result of the implementation of Interpretation 48, the Company recognized no increase in the liability for unrecognized tax benefits.

Included in the balance at December 31, 2007, are no tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period.

m. Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, which include Cryometrix (previously Cryomastor), All Temp Engineering and Image Labs International. All subsidiaries are wholly owned. All material intercompany accounts and transactions are eliminated in consolidation.

n Research and development expense

The Company accounts for research and development costs in accordance with the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 2 ("SFAS 2"), "Accounting for Research and Development Costs". Under SFAS 2, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and developments costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company had $198,396 and $13,261 in research and product development for the years ended December 31, 2007 and 2006, respectively.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 3 -

FIXED ASSETS

Fixed assets are stated at cost. Expenditure for minor repairs, maintenance, and replacement parts which do not increase the useful lives of the assets are charged to expense as incurred. All major additions and improvements are capitalized. Depreciation is computed using the straight-line method. The lives over which the fixed assets are depreciated range from 5 to 7 years. Fixed assets and related depreciation for the period are as follows:

		December 31,
		2007
Machinery and equipment	$	169,826
Furniture and fixtures		50,608
Computer and office equipment		32,103
Vehicles		34,325
Leasehold improvements		33,799
Accumulated depreciation		(60,777)
Total Fixed Assets	$	259,884

Depreciation expense for the years ended December 31, 2007, and 2006, was $46,336 and $11,238, respectively.

NOTE 4 -

INVENTORIES

Inventory consisted of the following at December 31, 2007:

Finished goods	$	727,970
Total Inventory	$	727,970

NOTE 5-

COMMITMENTS AND CONTINGENCIES

Operating Lease Obligations

The Company leases its office and warehouse space under non-cancelable lease agreements accounted for as operating leases. The Company also leases several automobiles under similar non-cancelable lease agreements, which are also accounted for as operating leases.

Minimum rental payments under the non-cancelable operating leases are as follows:

Years ending December 31,		Amount
2008	$	244,465
2009		205,272
2010		45,702
2011		-
2012		-
	$	495,439

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REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 5-

COMMITMENTS AND CONTINGENCIES (continued)

Operating Lease Obligations (continued)

Rent expense was $243,871 and $62,906 for the years ended December 31, 2007, and 2006, respectively.

Automobile lease expense was $11,097 and $10,673 for the years ended December 31, 2007, and 2006, respectively.

NOTE 6-

CAPITAL LEASES

During the year ended 2006, the Company entered into two capital lease arrangements for the purchase of equipment. Payments are due in 60 and 36 monthly installments of $920 and $1,101. The leases have a stated interest rate of 8.3%

Aggregate maturities on the capital leases as of December 31, 2007, are due in future years as follows:

2008	$ 19,936
2009	21,655
2010	10,400
2011	8,172
2012	-

		60,163
Less current portion		20,016
	$	40,147

Depreciation expense on equipment under capital leases was $12,655 and $ - for the years ended December 31, 2007 and 2006, respectively.

NOTE 7 -

PREFERRED STOCK

In November 2004 the Company amended its Articles of Incorporation so as to authorize 5,000,000 shares of preferred stock. 750,000 of these shares have been designated as Series A Convertible Preferred Stock . During the year ended December 31, 2006 theses shares were offered in a private placement. As of December 31, 2007 no shares of the preferred stock are issued and outstanding.

Dividends

The holders of the Series A Preferred Stock are entitled to dividends at the rate of 8 percent per year of the liquidation preference of $1.00 per share, payable annually, if and when declared by the board of directors. Dividends are not cumulative and the board of directors are under no obligation to declare dividends.

Convertibility

Upon the approval of the Board of Directors, Series A Preferred Stock may be convertible into the Company s common stock by dividing $1.00 plus any unpaid dividends by 50% of the five day average closing bid price of the common shares.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 7 -

PREFERRED STOCK (continued)

Convertibility (continued)

During 2005 the Company sold 700,000 shares of Series A Convertible Preferred Stock in exchange for proceeds of $700,000. As a result of the beneficial conversion feature inherent in the conversion rights and preferences of Series A Preferred Stock, the Company has recognized a deemed dividend of $700,000. This deemed dividend was calculated based on the conversion price above at the time of conversion. Because the Company does not have sufficient retained earnings, dividends were recorded in additional paid-in-capital and have a net effect of zero in that account and is therefore not presented on the statement of shareholders equity as a separate item. This beneficial conversion feature was recorded to additional paid in capital and will be recorded as a deemed dividend to preferred shareholders (accretion) over the period to the instruments earliest conversion date.

In November, 2005 690,000 shares of Preferred Stock were converted into 1,150,002 shares of Common Stock at $0.60 per share.

During 2006, the remaining 10,000 shares of Preferred Stock were converted into 16,667 shares of Common stock.

NOTE 8 -

COMMON STOCK TRANSACTIONS

During the year ended December 31, 2007, the Company issued 336,336 shares of commom stock for a stock subscription; 431,235 shares of common stock for services valued at $445,526; 168,001 shares issued for cash of $145,661; 1,000,000 shares issued pursuant to the merger with All Temp valued at $1,060,000; 525,000 shares issued pursuant to the purchase of Image Labs International valued at $509,250; and 500,000 shares to a key employee in return for a 3 year employment contract, valued at $490,000; 42,593 shares issued for the cashless exercise of warrants; and 38,462 shares were issued for the conversion $25,000 of debt.

NOTE 9 -

CONCENTRATIONS OF RISK

Cash in Excess of Federally Insured Amount

The Company currently maintains a cash balance at a single financial institution in excess of the federally insured maximum of $100,000.

Revenues and Accounts Receivable

For the year ended December 31, 2007 the Company had two significant customers that account for $1,749,794 or 22% of sales. These same two customers also account for $240,032 or 17% of the total accounts receivable balance at December 31, 2007,

For the year ended December 31, 2006 the Company had three significant customers that account for $2,045,506 or 80% of sales. These same three customers also account for $295,120 or 76% of the total accounts receivable balance at December 31, 2006.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 10 - ACQUISITIONS

Effective April 19, 2006, the Company entered into a merger agreement with Cryomastor Inc. As part of this agreement, the Company received assets valued at the following:

Patents	$	3,081,777
Customer lists		480,000
Goodwill		888,223
	$	4,450,000

The patents and customer lists are amortized over a range of 9-20 years. Amortization expense for the year ended December 31, 2006 was $100,472.

As consideration for these assets, the Company issued 3,000,000 shares at $1.25 of its common stock that are restricted securities to the shareholders of Cryomastor, Inc. as well as paid $700,000 to the same shareholders. The Company also advanced $300,000 to be utilized for the operations of Cryomastor, Inc. and paid a $300,000 debt of Cryomastor, Inc. for a U.S. patent of Cryomastor systems. An employment agreement will be executed and the Company will pay to the Cryomastor shareholders 2.5% of the gross annual revenue earned by the Company.

As part of the execution and delivery of the Merger Agreement, the Company offered a minimum of 1,000,000 shares of common stock at $1 per share to accredited investors. To date the Company has sold 1,073,500 shares.

The Company acquired Cryomaster because the business was synergistic with the Company as they both serve the Biotech industry. The business offers a growth opportunity for the Company because of products that can fill a market need.

Effective April 4, 2006 the Company entered into an agreement to purchase JM SciTech, LLC. Pursuant to this agreement, the Company purchased and JM SciTech, LLC sold all rights, title and interest in and to the JMST Technology. This resulted in the Company obtaining assets valued as follows:

Intangible assets	$	350,000
Goodwill		240,000
	$	590,000

As consideration for the JMST Technology, the Company issued 200,000 shares at $1.70 of its common stock that are restricted securities, paid the sum of $250,000, and will pay certain royalty payments as outlined in the agreement. As part of this agreement, the Company issued 400,000 shares of common stock that are restricted securities as defined in Rule 144 to accredited investors

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REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 10 - ACQUISITIONS (continued)

only, to finance the acquisition of JM SciTech, LLC. These shares were sold at a price of $0.80 per share. None of these shares were accorded registration rights of any kind.

The Company acquired JMST because the business was synergistic with the Company as they both serve the Biotech industry. The business offered a strong growth opportunity, a successful business model, ongoing sales, innovation and four patents.

Effective January 19, 2007, the Company finalized an Agreement and Plan of Merger (the Merger Agreement) with All Temp Engineering, Inc. As part of this agreement, the Company received assets valued at the following:

Trade secrets	$	262.875
Trademarks		65,719
Customer lists		592,127
Customer assets		139,279
	$	1,060,000

The assets are amortized over a range of 9-10 years. As consideration for these assets, the Company issued 1,000,000 shares at $1.06 of its common stock that are restricted securities to the shareholders of All Temp Engineering, Inc. and will pay the shareholders a pro-rata running royalty totaling five percent of the gross annual revenues that will be earned on All Temp s business that will be ran as a separate division within the Company.

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An unaudited pro forma balance sheet as of December 31, 2006, and a pro forma income statement for the year ended December 31, 2006, for the combined (post merger) entity, is presented below:

	Reflect As of December 31, 2006	All Temp As of December 31, 2006	Combined Historical Reflect & All Temp	Pro Forma Adjustments	Pro Forma Combined Reflect & All Temp December 31, 2006	
ASSETS						
Current Assets:						
Cash	$ 271,038	$ -	$ 271,038	$ -	$ 271,038	(1)
Notes receivable	-	96,236	96,236	-	96,236	(1)
Receivables	389,591	162,596	552,187	-	552,187	
Inventory	364,796	97,825	462,621	-	462,621	
Prepaid assets	13,852	8,189	22,041	-	22,041	
Total Current Assets	1,039,277	364,846	1,404,123		1,404,123	
Fixed Assets, (net)	211,021	4,595	215,616	-	215,616	
Other Assets:						
Deposits	13,400	3,672	17,072	-	17,072	
Income Tax receivable	25,948	4,786	30,734		30,734	
Deferred tax asset	316,000	72,555	388,555		388,555	
Intangibles (net)	4,736,827	-	4,736,827	2,619,372	7,356,199	(1)
Total Other Assets	5,092,175	81,013	5,173,188	2,619,372	7,792,560	
TOTAL ASSETS	$ 6,342,473	$ 450,454	$ 6,792,927	$ 2,619,372	$ 9,412,299	

	Reflect As of December 31, 2006	All Temp As of December 31, 2006	Combined Historical Reflect & All Temp	Pro Forma Adjustments	Pro Forma Combined Reflect & All Temp December 31, 2006	
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)						
Current Liabilities:						
Short term loan	$ 18,353	$ 600,054	$ 618,407	$ -	$ 618,407	
Cash overdraft	-	55,640	55,640	-	55,640	
Accounts payable	225,721	272,789	498,510	-	498,510	
Accrued liabilities	25,949	7,209	33,158	-	33,158	
Income taxes payable	400	800	1,200	-	1,200	
Total Current Liabilities	270,423	936,492	1,206,915		1,206,915	
Non-current liabilities:						
Notes payable	61,706	-	61,706	-	61,706	
Total non-current Liabilities	61,706	-	61,706	-	61,706	
Total Liabilities	$ 332,129	$ 936,492	$ 1,268,621	$ -	$ 1,268,621	
Stockholders' Equity:						
Preferred Stock	-	-	-	-	-	
Common stock	306,889	13,334	320,223	(13,334)		(1)
				20,000	326,889	(1)
Additional Paid-in capital	6,979,735	-	6,979,735	13,334		(1)

				2,100,000	9,093,069
Subscription receivable	257,251	-	257,251	-	257,251
Accumulated deficit	(1,533,531)	-	(1,533,531)	-	(1,533,531)
Accumulated deficit	-	(499,372)	(499,372)	499,372	-
Total Stockholders' Equity	6,010,344	(486,038)	5,524,306	2,619,372	8,143,678

TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 6,342,473	$ 450,454	$ 6,792,927	$ 2,619,372	$ 9,412,299

Pro Forma Combined Reflect & All Temp December 31, 2006

	Reflect As of December 31, 2006	All Temp as of December 31, 2006	Combined Historical Reflect & All Temp	Pro Forma Adjustment	
Sales	$ 2,572,955	$ 1,871,737	$ 4,444,692	$ -	$ 4,444,692
Cost of Sales	1,519,547	1,138,382	2,657,929	-	2,657,929
Salaries and wages	779,579	539,843	1,319,422	-	1,319,422
Payroll Taxes	35,767	64,603	100,370	-	100,370
Rent expense	62,906	57,569	120,475	-	120,475
General & Administrative	1,303,598	506,293	1,809,891	-	1,809,891
Income (loss) from operations	(1,128,442)	(434,953)	(1,563,395)	-	(1,563,395)
Other income (expense)	(192,911)	(101,281)	(294,192)	-	(294,192)
Interest expense	25	34,961	34,986	-	34,986
Total other income (expense)	(192,936)	(136,242)	(329,178)	-	(329,178)
Income tax expense (benefit)	(342,748)	(84,208)	(426,956)	-	(426,956)
	$ (978,630)	$ (486,987)	$ (1,465,617)	$ -	$ (1,465,617)

Net Income (loss)	
Basic loss per share	(0.03)
Weighted average shares Outstanding	28,432,024

Effective March 6, 2007, the Company finalized an Agreement and Plan of Merger (the Merger Agreement) with Image Labs, International. As part of the Merger Agreement, the Company received assets valued at the following:

Trade secrets	$	184,400
Trademarks		70,000
Customer lists		154,850
IP Patent		105,000
Inventory		125,000
	$	639,250

The assets are amortized over a range of 9-10 years. As consideration for these assets, the Company issued 525,000 shares at $.97 of its common stock that are restricted securities to the shareholder of Image Labs and paid the sum of $200,000 and agreed to pay the shareholder a 2.5 percent Running Earnout Purchase Price. An Employment Agreement was also executed and delivered. As a condition to the closing of the Merger Agreement, the Company has raised approximately $500,000 to support the Catpro business segment of Image Labs that is to be operated as a separate business segment under the Company.

An unaudited pro forma balance sheet as of December 31, 2006, and a pro forma income statement for the year ended December 31, 2006, for the combined (post merger) entity, is presented below:

	Reflect As of December 31, 2006	Image Labs As of December 31, 2006	Combined Historical Reflect & Image Labs	Pro Forma Adjustments	Pro Forma Combined Reflect & Image Labs December 31, 2006	
ASSETS						
Current Assets:						
Cash	$ 271,038	$	$ 271,038	$ (200,000)	$ 71,038	(1)
Receivables	389,591	1,118,775	1,508,366	-	1,508,366	
Inventory	364,796	80,157	444,953	35,019	479,972	
Prepaid assets	13,852	141,117	154,969	-	154,969	
Total Current Assets	1,039,277	1,340,049	2,379,326	(164,981)	2,214,345	
Fixed Assets, (net)	211,021	30,798	241,819	-	241,819	
Other Assets:						
Deposits	13,400	2,251	15,651	-	15,651	
Income Tax receivable	25,948	-	25,948		25,948	
Deferred tax asset	316,000	-	316,000		316,000	
	4,736,827	-	4,736,827	-	4,736,827	(1)

Intangibles (net)										
Total Other Assets		5,092,175		2,251		5,094,426		-		5,094,426
TOTAL ASSETS	$	6,342,473	$	1,373,098	$	7,715,571	$	(164,981)	$	7,550,590

	Reflect As of December 31, 2006	Image Labs As of December 31, 2006	Combined Historical Reflect & Image Labs	Pro Forma Adjustments	Pro Forma Combined Reflect & Image Labs December 31, 2006
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
Current Liabilities:					
Short term loan	$ 18,353	$ -	$ 18,353	$ -	$ 18,353
Cash overdraft	-	56,589	56,589	-	56,589
Accounts payable	225,721	199,817	425,538	-	425,538
Accrued liabilities	25,949	22,485	48,434	-	48,434
Income taxes payable	400	-	400	-	400
Total Current Liabilities	270,423	278,891	549,314		549,314
Non-current liabilities:					
Notes payable	61,706	-	61,706	-	61,706
Contract billing in excess	-	419,976	419,976		419,976
Total non-current	61,706	419,976	481,682	-	481,682

Liabilities											
Total Liabilities	$	332,129	$	698,867	$	1,030,996	$	-	$	1,030,996	
Stockholders' Equity:											
Preferred Stock		-		-		-		-		-	
Common stock		306,889		100		306,989		(100)		306,889	(1)
Additional Paid-in capital		6,979,735		4,900		6,984,635		100			(1)
		-		-		-		504,250		7,788,985	
Subscription receivable											
		257,251		-		257,251		-		257,251	
Accumulated deficit											
		(1,533,531)		-		(1,533,531)		-		(1,533,531)	
Retained earnings		-		669,231		669,231		(669,231)		-	

Total Stockholders' Equity		6,010,344		674,231		6,684,575		(164,981)		6,519,594
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$	6,342,473	$	1,373,098	$	7,715,571	$	(164,981)	$	7,550,590

	Reflect As of December 31, 2006	All Temp as of December 31, 2006	Combined Historical Reflect & All Temp	Pro Forma Adjustment	Pro Forma Combined Reflect & All Temp December 31, 2006
Sales	$ 2,572,955	$ 3,756,303	$ 6,329,258	$ -	$ 6,329,258
Cost of Sales	1,519,547	2,427,651	3,947,198	-	3,947,198
Salaries and wages	779,579	425,413	1,204,992	-	1,204,992
Payroll Taxes	35,767	34,823	70,590	-	70,590
Rent expense	62,906	40,708	103,614	-	103,614
General & Administrative	1,303,598	415,342	1,718,940	-	1,718,940
Income (loss) from operations	(1,128,442)	412,366	(716,076)	-	(716,076)
Other income (expense)	(192,911)	(20,979)	(213,890)	-	(213,890)
Interest expense	(25)	(12,037)	(12,062)	-	(12,062)
Total other income (expense)	(192,936)	(33,016)	(225,952)	-	(225,952)
Income tax expense (benefit)	(342,748)	-	(342,748)	-	(342,748)
Net Income (loss)	$ (976,630)	$ 379,350	$ (597,280)	$ -	$ (597,280)
Basic loss per share	(0.03)	37.93	(37.90)		(0.02)
Weighted average shares Outstanding					

28,432,024	10,000	28,442,024	-	28,442,024

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REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 11 CONVERTIBLE DEBENTURES AND WARRANTS

On June 29, 2007, the Company entered into an agreement to sell $2,500,000 in 12% senior convertible debentures with a maturity date of June 29, 2009, with interest due quarterly. At the closing, the Company prepaid the first quarterly interest payment and reserved the second quarterly interest payment for a total of $150,000. The agreement allows for the Company to pay the interest in cash or in duly authorized, validly issued, fully paid and non-assessable shares of common stock at the interest conversion rate, or a combination thereof.

The debentures have a conversion price of $0.65. If the Company, at any time while the debenture is outstanding, pays stock dividends, subdivides outstanding shares, sells or grants any option to purchase or dispose of common stock at an effective price lower than the conversion price, issue rights, options or warrants at a price lower than the conversion price, etc., the Company shall promptly deliver to each Holder a notice setting forth the conversion price after such adjustment and provide a brief statement of facts requiring such adjustment. In addition, if the volume weighted average price for each of any 20 consecutive trading days exceeds 250% of the conversion price, the Company may, within one trading day deliver a written notice to the holder and force the holder to convert a principal amount of the debenture equal to all or part of the holder s portion of the forced conversion amount.

The agreement also provides for the issuance of 1,923,077 A warrants and 1,923,077 B warrants. The warrants are exercisable at a price of $0.80 per share for the A warrant and $1.00 per share for the B warrant and expire June 29, 2012. The Company valued the warrants using the Black-Scholes option pricing model. For the purpose of the valuation of the warrants, the Company calculated a volatility of 66.48% on its common stock and used the U. S. Treasury bill rate of 4.94% for its risk free rate. Then the Company allocated a portion of the proceeds to the warrants, based on the relative fair value basis, in the amount of $1,639,029 which is recognized as a contra liability account and will be amortized as interest expense over the 2 year term of the agreement. The intrinsic value of beneficial conversion of the debentures was valued at $5,677,491, which exceeds the effective value of the debentures of $860,971. Therefore, the discount assigned to the beneficial conversion feature is limited to $860,971 and is recognized as a contra liability account and will be amortized as interest expense over the 2 year term of the agreement.

As payment for services provided, the Company also issued 192,308 A warrants and 192,308 B warrants which were valued at $475,925 using the Black-Scholes option pricing model and expensed in the current period.

The debentures and warrants have anti-dilution protections, and the Company has agreed to certain registration rights for the resale of the shares of common stock underlying the debentures and warrants.

A summary of the status of the Company s outstanding stock warrants as of December 31, 2007 and changes during the period then ended is presented below:

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 11 CONVERTIBLE DEBENTURES AND WARRANTS (continued)

	2007		
	Shares		Weighted Average Exercise Price
Outstanding, beginning of year	-	$	-
Granted	4,230,770		.90
Expired/Cancelled	-		-
Exercised	78,875		.80
Outstanding end of year	4,151,895	$	.90
Exercisable	4,151,895	$	.90

		Outstanding		Exercisable
Range of Exercise Prices		Number outstanding at December 31, 2007	Weighted Average Remaining Contractual Life	Number Exercisable at December 31,2007
$	0.80	2,036,510	4.50	2,036,510
	1.00	2,115,385	4.50	2,115,385
		4,151,895		4,151,895

NOTE 12 COMMON STOCK OPTIONS

On December 31, 2007, the Company s board of directors approved an equity plan. The equity plan known as the 2007 Equity Incentive Plan (the Plan) reserves up to 6,000,000 shares of the Company s authorized common stock for issuance to officers, directors, employees and consultants under the terms of the Plan. The Plan permits the board of directors to issue stock options and restricted stock.

The fair value of each option granted under the Plan is estimated on the date of grant, using the Black-Scholes option pricing model, based on the following weighted average assumptions:

	12/31/2007
Expected life (years)	5.0
Expected stock price volatility	66.27 %
Expected dividend yield	0.0 %
Risk-free interest rate	3.38 %

The risk-free interest rate is based upon the U.S. Treasury yield curve at the time of grant for the respective expected life of the option. The expected life (estimated period of time outstanding) of options was estimated. The expected volatility of the Company s options was calculated using historical data. Expected dividend yield was not considered in the option pricing formula since the Company does not pay dividends and has no current plans to do so in the future. If actual periods of time outstanding and rate of forfeitures differs from the expected rates, the Company may be required to make additional adjustments to compensation expense in future periods.

The Company issued options to key directors on December 31, 2007. A summary of the status of the Company s outstanding stock options as of December 31, 2007 and changes during the period then ended is presented below:

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 12 COMMON STOCK OPTIONS (continued)

	2007		
	Shares	Weighted Average Exercise Price	
Outstanding, beginning of year	-	$	-
Granted	5,000,000		1.32
Expired/Cancelled	-		-
Exercised	-		-
Outstanding end of year	5,000,000	$	1.32
Exercisable	5,000,000	$	1.32

		Outstanding		Exercisable
Range of Exercise Prices		Number outstanding at December 31, 2007	Weighted Average Remaining Contractual Life	Number Exercisable at December 31,2007
$	1.32	4,800,000	5.00	4,800,000
	1.20	200,000	5.00	200,000
		5,000,000		5,000,000

The total fair value of options vested was $3,353,557 for the year ended December 31, 2007. As of December 31, 2007, there was no unrecognized compensation cost related to non-vested stock options granted under the Plan.

NOTE 13 INTANGIBLE ASSETS

Intangible assets are stated at cost. Amortization computed using the straight-line method. The lives over which the intangible assets are amortized range from 10 to 20 years. Intangible assets and related amortization for the period are as follows:

	Cost	Accumulated Amortization	Net Book Value
Trademarks	$ 135,719	$ 11,858	$ 123,861
Trade Secrets	437,875	38,680	399,195
Patents	3,516,177	319,771	3,196,406
Customer lists	1,326,977	145,626	1,181,351
Goodwill	948,223	0	948,223
Totals	$ 6,364,971	$ 515,935	$ 5,849,036

Amortization expense for the years ended December 31, 2007, and 2006, was $370,337 and $123,173, respectively.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

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Note 14 Change in Accounting Estimate

During 2008 management assessed its estimates of the useful lives of the customer lists it acquired in 2006. Based on this assessment management has revised the useful lives of these assets from 20 to 10 years. The effects of this change in accounting estimate have been reflected in the company s 2007 financial statements and are as follows:

Decrease in

Operating income

$33,694

Earnings per share

$ 0.00

NOTE 14 SUBSEQUENT EVENTS.

Subsequent to December 31, 2007, the Company issued 94,615 shares of its common stock. The shares were issued as a partial conversion of our debenture. $61,500 of the debenture was converted at $0.65 per share.

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