

REFLECT SCIENTIFIC INC
Form 10QSB
November 14, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2007

[] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission File No. 000-31377

REFLECT SCIENTIFIC, INC.

(Exact name of small business issuer as specified in its charter)

Utah

(State or Other Jurisdiction of
incorporation or organization)

87-0642556

(I.R.S. Employer Identification No.)

1270 South 1380 West

Orem, Utah 84058

(Address of Principal Executive Offices)

(801) 226-4100

(Issuer's Telephone Number)

N/A

Edgar Filing: REFLECT SCIENTIFIC INC - Form 10QSB

(Former name, former address and former fiscal year,
if changed since last report)

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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

Not applicable.

Check whether the Issuer filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes No. Not applicable.

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date: November 7, 2007: Common 34,019,483 shares of common stock.

Transitional Small Business Disclosure Format (Check one): Yes ☐ No ☒

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. However, in the opinion of management, all adjustments (which include only normal recurring accruals) necessary to present fairly the financial position and results of operations for the periods presented have been made. These financial statements should be read in conjunction with the accompanying notes, and with the historical financial information of the Company.

REFLECT SCIENTIFIC, INC.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2007

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Balance Sheet

ASSETS

September 30,
2007
(Unaudited)

CURRENT ASSETS

Cash	\$	1,335,750
Accounts receivable		1,155,385
Other receivables		25,967
Inventory		820,540
Prepaid assets		243,096
Total Current Assets		3,580,738

FIXED ASSETS, NET		260,438
-------------------	--	---------

OTHER ASSETS

Intangible assets, net		6,002,946
Income tax receivable		24,761
Deferred tax asset		316,000
Long term prepaid asset		231,389
Deposits		29,944
Total Other Assets		6,605,040

TOTAL ASSETS	\$	10,446,216
--------------	----	------------

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

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Balance Sheet (Continued)

LIABILITIES AND SHAREHOLDERS' EQUITY

September 30,
2007
(Unaudited)

CURRENT LIABILITIES

Accounts payable	\$	439,616
Short term loan		30,790
Capital leases - short-term portion		23,159
Accrued expenses		135,676
Contract billings in excess		46,812
Income taxes payable		400
Total Current Liabilities		676,453

LONG-TERM LIABILITIES

Debentures, net of Discount Warrant of \$1,434,150 and		
Discount of Beneficial Conversion Features of \$753,350		312,500
Capital leases - long-term portion		38,558
Notes payable		
Total Long-Term Liabilities		351,058
Total Liabilities		1,027,511

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; 34,019,483 shares issued and outstanding	340,195
Additional paid in capital	13,129,578
Accumulated deficit	(4,051,068)
Total Shareholders' Equity	9,418,705
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 10,446,216

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

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Statements of Operations

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
REVENUES	\$ 1,383,614	\$ 652,359	\$ 5,939,251	\$ 1,907,540
COST OF GOODS SOLD	940,710	417,351	3,341,277	1,177,137
GROSS PROFIT	442,904	235,008	2,597,974	730,403
OPERATING EXPENSES				
Salaries and wages	571,880	273,380	1,444,770	517,794
Rent expense	79,211	11,869	175,806	50,530
General and administrative expense	513,928	724,569	2,629,428	1,053,099
Total Operating Expenses	1,165,019	1,009,818	4,250,004	1,621,423
OPERATING LOSS	(722,115)	(774,810)	(1,652,030)	(891,020)
OTHER INCOME (EXPENSE)				
Interest income	8,904	-	8,904	-
Interest expense	(389,566)	-	(874,411)	(25)
Total Other Expenses	(380,662)	-	(865,507)	(25)
NET LOSS BEFORE INCOME TAXES	(1,102,777)	(774,810)	(2,517,537)	(891,045)
Income tax benefit (expense)	-	-	-	-
NET LOSS	\$ (1,102,777)	\$ (774,810)	\$ (2,517,537)	\$ (891,045)

BASIC AND FULLY DILUTED INCOME(LOSS) PER SHARE	\$	(0.03)	\$	(0.03)	\$	(0.08)	\$	(0.03)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		34,963,927		30,156,174		31,780,093		27,124,903

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

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the	
	Nine Months Ended	
	September 30,	
	2007	2006
Net loss	\$ (2,517,537)	\$ (891,045)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	36,108	33,891
Amortization	528,927	15,850
Common stock issued for services	484,574	394,250
Changes in operating assets and liabilities:		
Increase in accounts receivable	(765,794)	(129,886)
Increase in inventory	(226,500)	(71,421)
Increase in other receivables	(24,380)	
Increase in income tax receivable	-	(24,761)
Increase in prepaid asset	260,756	(10,000)
Increase in other assets	(29,944)	-
Increase in accounts payable		
and accrued expenses	370,044	170,703
Net Cash Used by Operating Activities	(1,883,746)	(512,419)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for intangible assets	-	(1,354,905)
Cash paid for fixed assets	(11,585)	(208,390)
Net Cash Used by Investing Activities	(11,585)	(1,563,295)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable	12,437	303,765
Proceeds from issuance of debentures	2,500,000	-
Proceeds from common stock issuance	447,605	1,393,500

Edgar Filing: REFLECT SCIENTIFIC INC - Form 10QSB

Net Cash Provided by Financing Activities	2,960,042	1,697,265
NET INCREASE (DECREASE) IN CASH	1,064,712	(378,449)
CASH AT BEGINNING OF PERIOD	271,038	492,102
CASH AT END OF PERIOD	\$ 1,335,750	\$ 113,653

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

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Statements of Cash Flows (continued)

(Unaudited)

SUPPLEMENTAL CASH FLOW
INFORMATION:

Cash Paid For:

Interest	\$	8,859	\$	25
Income taxes	\$	-	\$	-

NON-CASH FINANCING ACTIVITIES:

Stock issued pursuant to Company mergers	\$	2,435,870	\$	-
Common stock issued for services	\$	484,574	\$	446,852
Common stock issued for prepaid services	\$	490,000	\$	-

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

REFLECT SCIENTIFIC, INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2007

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, 2006 financial statements. Operating results for the three months ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

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

REFLECT SCIENTIFIC, INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2007

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 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 September 29, 2007, the Company entered into an agreement to sell \$2,500,000 in 12% senior convertible debentures with a maturity date of September 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.

REFLECT SCIENTIFIC, INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2007

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 September 30, 2007 and changes during the period then ended is presented below:

		2007	
		Weighted Average	
		Exercise Price	
	Shares		
Outstanding, beginning of year	-	\$	-
Granted	4,230,770		.90
Expired/Cancelled	-		-
Exercised	-		-
Outstanding end of year	4,230,770	\$	.90
Exercisable	4,230,770	\$	.90
	Outstanding		Exercisable
		Weighted	Number Exercisable
		Average	at September 30,

		Remaining		2007
Range of Exercise Prices		Contractual Life		
		Number outstanding at		
		September 30, 2007		
\$	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 nine month period ended September 30, 2007, the Company issued 2,000,000 shares issued pursuant to the merger with All Temp for \$2,120,000; 525,000 shares issued pursuant to the purchase of Image Labs for \$509,250; 500,000 shares issued as part of an employment agreement valued at \$490,000; and 874,404 shares valued at \$655,802 issued for cash; 431,235 shares valued at \$445,526 issued for services. Paid in capital was increased by \$2,975,925 as a result of the debenture agreement noted in Note 3, and there was additional contributed capital in the amount of \$26,416 for donated services and \$25,000 received in cash. On September 25, 2007, the Company entered into an agreement to return to the Company 1,000,000 shares of its common stock previously issued to the Shareholders in relationship to the acquisition of All Temp Engineering, Inc. Under the terms of the Agreement, the Shareholders agreed to return an aggregate of 1,000,000 shares of the Company's common stock for cancellation. The shares were originally issued in relation to the

REFLECT SCIENTIFIC, INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2007

NOTE 4 EQUITY TRANSACTIONS (continued)

acquisition and were returned to adjust the consideration received by Shareholders on the All Temp acquisition and to account for certain out of pocket costs paid by the Company in relation to the acquisition of All Temp. No other changes to the acquisition of All Temp were made and the parties will continue to operate the All Temp business.

Item 2. Management's Discussion and Analysis or Plan of Operation.

Plan of Operation

For the next 12 months, we see:

(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 plan of expansion will be supported by ongoing efforts to create strategic marketing alliances that are designed to increase 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.

In the first quarter of 2007, the acquisitions of All Temp Engineering and Image Labs International were completed providing us with targeted technology and incremental share in the general Life Sciences markets.

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 interim 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. The Company believes there have been no significant changes during the three and nine-month periods ended September 30, 2007, to the items disclosed as significant accounting policies in management's Notes to Consolidated Financial Statements or in Critical Accounting Practices in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2006.

Mergers and Acquisitions

All Temp Engineering Acquisition

All Temp Engineering, Inc., a California Corporation, which provides repair services, installation and engineering for environmental control systems, was acquired through a merger agreement on Jan 19, 2007, for 2,000,000 shares of our common stock. We believe that the services All Temp provides to its customers are an integral part of our strategic product and commercialization plan to gain penetration into the ultra low temperature storage market. Strong technical synergies exist between All Temp Engineering and our Cryometrix subsidiary (acquired in 2006) based on the Cryometrix Ultra Low Temperature (ULT) storage system and a shared customer segment.

Image Labs International Acquisition

Smithgall and Associates, Inc., a Georgia corporation, doing business as Image Labs International in Montana, was acquired on Feb 28, 2007. Image Labs shareholders were issued 525,000 shares of our common stock and paid \$200,000 in cash. Image Labs is engaged in the manufacture and sale of large scale industrial analytical inspection systems as well as possessing key technologies in machine vision, robotics and software. Image Labs is a leader in its market. We expect several engineering synergies that exist with

our other businesses to have a positive bearing on future projects for new product development and improvement of existing product lines.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Three Months Ended September 30, 2007 compared to Three Months Ended September 30, 2006.

Our revenues increased during the quarter ended September 30, 2007, to \$1,383,614 from \$652,359 for the quarter ended September 30, 2006, primarily as a result of increased business from our acquisitions.

Our cost of goods increased in the quarter ended September 30, 2007, as compared to September 30, 2006, to \$940,710 from \$417,351. The difference was partly as a result of increased sales, costs of goods included from acquisitions and raw material price increases.

General and administrative expenses decreased to \$586,858 in the quarter ended September 30, 2007, from \$724,569 for the quarter ended September 30, 2006. This was due to a substantial decrease in legal and accounting fees related to acquisitions.

Nine Months Ended September 30, 2007 compared to Nine Months Ended September 30, 2006.

Our revenues increased during the Nine months ended September 30, 2007, to \$5,939,251 from \$1,907,540 for the Nine months ended September 30, 2006, primarily as a result of increased business from our acquisitions.

Our cost of goods increased in the Nine months ended September 30, 2007, as compared to September 30, 2006, to \$3,341,277 from \$1,177,137. The difference was partly as a result of increased sales, costs of goods included from acquisitions and raw material price increases.

General and administrative expenses increased to \$2,702,358 in the Nine months ended September 30, 2007, from \$1,053,099 for the Nine months ended September 30, 2006. This was due to a substantial increase in legal and accounting fees related to acquisitions, Securities and Exchange Commission regulations compliance, increased operational costs from new acquisitions, acquisition audits, amortization and other one time costs relating to the acquisitions.

Our cash resources on September 30, 2007, were \$1,335,750, with accounts receivable of \$1,155,385 and inventory of \$820,540. We have relied on revenues and sales of securities for cash resources.

Off-Balance Sheet Arrangements

We have no off balance sheet arrangements as of September 30, 2007.

Forward-looking Statements

The Private Securities Litigation Reform Act of 1995 (the Act) provides a safe harbor for forward-looking statements made by or on behalf of our Company. Our Company and our representatives may from time to time make written or oral statements that are forward-looking, including statements contained in this Annual Report and other filings with the Securities and Exchange Commission and in reports to our Company's stockholders. Management believes that all statements that express expectations and projections with respect to future matters, as well as from developments beyond our Company's control including changes in global economic conditions are forward-looking statements within the meaning of the Act. These statements are made on the basis of management's views and assumptions, as of the time the statements are made, regarding future events and business performance. There can be no assurance, however, that management's expectations will necessarily come to pass. Factors that may affect forward-looking statements include a wide range of factors that could materially affect future developments and performance, including the following:

Changes in Company-wide strategies, which may result in changes in the types or mix of businesses in which our Company is involved or chooses to invest; changes in U.S., global or regional economic conditions, changes in U.S. and global financial and equity markets, including significant interest rate fluctuations, which may impede our Company's access to, or increase the cost of, external financing for our operations and investments; increased competitive pressures, both domestically and internationally, legal and regulatory developments, such as regulatory actions affecting environmental activities, the imposition by foreign countries of trade restrictions and changes in international tax laws or currency controls; adverse weather conditions or natural disasters, such as hurricanes and earthquakes, labor disputes, which may lead to increased costs or disruption of operations.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

Item 3. Controls and Procedures.

a) Evaluation of disclosure controls and procedures.

The Company's principal executive and accounting officer has reviewed the disclosure controls and procedures (as defined in Rule 13a-14(a) / Rule 15d-14(a) of the Exchange Act) in place to assure the effectiveness of such controls and procedures. This review occurred within 90 days of this Form 10-QSB being filed. Based on this review, the principal executive and accounting officer believes that the disclosure controls and procedures are adequate.

b) Changes in disclosure controls and procedures.

There were no changes in the Company's disclosure controls and procedures, or in factors that could significantly affect those controls and procedures, since the date of the most recent evaluation.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None; not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Securities

Unregistered Securities sold during the nine months ended September 30, 2007:

To whom	Date	Number of shares	Consideration
Sales to accredited investors	4/30/2007	465,969	\$.75 per share
Employees	5/2/2007	285,000	Services
Consultant	5/2/2007	50,000	Services
V Finance Investments	5/2/2007	35,000	Services
Sales to accredited investors	6/27/2007	133,334	\$.75 per share

We issued all of these securities to persons who were either accredited investors, or sophisticated investors who, by reason of education, business acumen, experience or other factors, were fully capable of evaluating the risks and merits of an investment in our company; and each 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 of 1933, as amended (the Securities Act), pursuant to Sections 4(2) and 4(6) thereof, and Rule 506 of Regulation D of the Securities and Exchange Commission and from various similar state exemptions.

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.

Use of Proceeds of Registered Securities

None; not applicable.

Purchases of Equity Securities by Us and Affiliated Purchasers

SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may yet be Purchased Under the Plans or Programs
Month #1 July 1, 2007 through July 30, 2007	None	None	None	None
Month #2 August 1, 2007 through August 31, 2007	None	None	None	None
Month #3 September 1, 2007 through September 30, 2007	None	None	None	None

Total	None	None	None	None
-------	------	------	------	------

Item 3. Defaults Upon Senior Securities.

None; not applicable.

Item 4. Submission of Matters to a Vote of Security Holders.

None; not applicable.

Item 5. Other Information.

(a) None; not applicable.

(b) Nominating Committee / not applicable

During the quarterly period ended September 30, 2007, there were no changes in the procedures by which security holders may recommend nominees to our Board of Directors.

Item 6. Exhibits

(a) Exhibits.

Exhibit No.	Title of Document	Location if other than attached hereto
3.1	Articles of Incorporation	10-SB Registration Statement*
3.2	Articles of Amendment to Articles of Incorporation	10-SB Registration Statement*
3.3	By-Laws	10-SB Registration Statement*
3.4	Articles of Amendment to Articles of Incorporation	8-K Current Report dated December 31, 2003*
3.5	Articles of Amendment to Articles of Incorporation	8-K Current Report dated December 31, 2003*
3.6	Articles of Amendment	September 30, 2004 10-QSB Quarterly Report*
3.7	By-Laws Amendment	September 30, 2004 10-QSB Quarterly Report*
4.1	Debenture	8-K Current Report dated June 29, 2007*
4.2	Form of Purchasers Warrant	8-K Current Report dated June 29, 2007*
4.3	Registration Rights Agreement	8-K Current Report dated June 29, 2007*
4.4	Form of Placement Agreement	8-K Current Report dated June 29, 2007*
10.1	Securities Purchase Agreement	8-K Current Report dated June 29, 2007*
10.2	Placement Agent Agreement	8-K Current Report dated June 29, 2007*
14	Code of Ethics	December 31, 2003 10-KSB Annual Report*
21	Subsidiaries of the Company	December 31, 2004 10-KSB Annual Report*
31.1	302 Certification of Kim Boyce	
31.2	302 Certification of David Strate	
32	906 Certification	

Exhibits

Additional Exhibits Incorporated by Reference

Edgar Filing: REFLECT SCIENTIFIC INC - Form 10QSB

*	Reflect California Reorganization	8-K Current Report dated December 31, 2003
*	JMST Acquisition	8-K Current Report dated April 4, 2006
*	Cryomastor Reorganization	8-K Current Report dated September 27, 2006
*	Image Labs Merger Agreement Signing	8-K Current Report dated November 15, 2006
*	All Temp Merger Agreement Signing	8-K Current Report dated November 17, 2006
*	All Temp Merger Agreement Closing	8-KA Current Report dated November 17, 2006
*	Image Labs Merger Agreement Closing	8-KA Current Report dated November 15, 2006

* Previously filed and incorporated by reference.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant has caused this Quarterly Report to be signed on its behalf by the undersigned, thereunto duly authorized.

REFLECT SCIENTIFIC, INC.

Date: November 14, 2007

*By: /s/Kim Boyce
Kim Boyce, CEO, President and Director*

Date: November 14, 2007

*By: /s/Tom Tait
Tom Tait, Vice President and Director*

Date: November 14, 2007

*By: /s/David Strate
David Strate, CFO*