

REFLECT SCIENTIFIC INC  
Form 424B3  
April 18, 2008

**PROSPECTUS SUPPLEMENT NO. 1**

**Filed Pursuant to Rule 424(b)(3)**

**Registration No. 333-145737**

Prospectus Supplement No. 1

Dated: April 15, 2008

(To Prospectus Dated December 21, 2007)

**REFLECT SCIENTIFIC, INC.**

4,653,846 shares of Common Stock, 0.01 par value

This Prospectus Supplement No. 1 supplements and amends the prospectus dated December 21, 2008 (the Prospectus) relating to the offer and sale by the selling security holders identified in the Prospectus of up to 4,653,846 shares of common stock of Reflect Scientific, Inc.

The information in this prospectus supplement modifies and supersedes, in part, the information in the Prospectus, as supplemented. Any information that is modified or superseded in the Prospectus shall not be deemed to constitute a part of the Prospectus, except as modified or superseded by this prospectus supplement. We may amend or supplement the Prospectus from time to time by filing amendments or supplements as required. You should read the entire Prospectus and any amendments or supplements carefully before you make an investment decision.

This prospectus supplement includes the Company's Form 10-KSB filed with the Securities and Exchange Commission on April 15, 2008.

**Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 5 of the 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 the Prospectus or this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement No. 1 is April 15, 2008.

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**U. S. Securities and Exchange Commission**

Washington, D. C. 20549

**FORM 10-KSB**

**[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE**

**ACT OF 1934**

For the fiscal year ended December 31, 2007

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

**ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

*Commission File No. - 001-08397*

**REFLECT SCIENTIFIC, INC.**

(Name of Small Business Issuer 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)

Issuer's Telephone Number: (801) 226-4100

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

Name of Each Exchange on Which Registered: None

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

\$0.01 par value common stock

Title of Class

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

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of Issuer's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

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

No

State Issuer's revenues for its most recent fiscal year: December 31, 2007 - \$8,020,266.

State the aggregate market value of the voting and non-voting common stock held by non-affiliates computed by reference to the price at which the common stock was sold, or the average bid and asked price of such common stock, as of a specified date within the past 60 days.

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There are approximately 15,887,288 shares of common voting stock of the Issuer held by non-affiliates, and based upon the average bid and asked prices of our common stock on April 3, 2008 of \$0.70, as reported by the OTC Bulletin Board of the National Association of Securities Dealers, Inc., the aggregate market value of our common stock held by non-affiliates was approximately \$11,121,102.

**Issuers Involved in Bankruptcy Proceedings During the Past Five Years**

None; not applicable.

Check whether the Issuer has 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**

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date:

April 3, 2008: Common 34,195,153

**Documents Incorporated by Reference**

A description of Documents Incorporated by Reference is contained in Part III, Item 13, of this Annual Report.

**Transitional Small Business Issuer Format Yes  No**



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## PART I

### **Item 1. Description of Business**

#### **Business Development**

##### **General**

Reflect Scientific, Inc., a Utah corporation (the Company, we, our, us and words of similar import), 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 ( Reflect California ), changed our name to Reflect Scientific, Inc. and succeeded to the business operations of Reflect California, that involved the manufacture and distribution of unique 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. See our 8-K Current Report dated December 31, 2003, which was filed with the Securities and Exchange Commission on January 15, 2004, and is incorporated herein by reference. See Part III, Item 13.

##### **December 31, 2005**

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).

##### **December 31, 2006**

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 ); David Carver, an individual ( Carver ); and Julie Martin, an individual ( Martin )(JMST, Carver and Martin ar

sometimes hereinafter referred to collectively as Sellers ). 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 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. See our 8-K Current Report dated April 4, 2006, which was filed with the Securities and Exchange Commission on April 7, and is incorporated herein by reference. See Part III, Item 13.

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. See our 8-K Current Report dated June 27, 2006, which was filed with the Securities and Exchange Commission on June 30, 2006, and is incorporated herein by reference. See Part III, Item 13.

On November 15, 2006, we entered into an Agreement and Plan of Merger (the Image Labs Merger Agreement ) between Image Acquisition Corp., a Georgia corporation and our wholly-owned subsidiary ( Merger Subsidiary ); Smithgall & Associates, Inc., dba Image Labs International, a Georgia corporation ( Image Labs ); and Brian Smithgall ( Smithgall ), the sole shareholder of Image Labs (the Image Labs Shareholder ). 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. See our 8-K Current Report dated November 15, 2006, which was filed with the Securities and Exchange Commission on November 21, 2006, and is incorporated herein by reference. See Part III, Item 13.

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. ( Merger Subsidiary ); All Temp Engineering Inc., a California corporation ( All Temp ); J F Dain & E L Dain CO T Tee Dain Family Revocable Trust U/A Dated 12/17/2001 (the Dain Trust ) and Nicholas J. Henneman ( Henneman ), the sole All Temp Shareholders (collectively, the All Temp Shareholders ); and John F. Dain, individually ( Dain ). 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

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processing. See our 8-K Current Report dated November 17, 2006, which was filed with the Securities and Exchange Commission on November 22, 2006, and is incorporated herein by reference. See Part III, Item 13.

### **December 31, 2007**

Effective January 19, 2007, the All Temp Merger Agreement was completed. See our 8-K Current Report dated November 17, 2006, which was amended on January 23, 2007, and is incorporated herein by reference. See Part III, Item 13.

Effective February 28, 2007, the Image Labs Merger Agreement was completed. See our 8-K Current Report dated November 15, 2006, which was amended on March 6, 2007, and is incorporated herein by reference. See Part III, Item 13.

On June 29, 2007, we completed the sale of \$2,500,000 of debentures. See our 8-K Current Report dated July 2, 2007, and is incorporated herein by reference. See Part III, Item 13.

## **Business**

### Overview

Reflect Scientific is 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

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., 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 Cyrometrix™ 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 marketpace. 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

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§

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

Our 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 OEMs 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

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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 completed the acquisition of All Temp in January 2007 and Image Labs in February 2007, 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 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 fund 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-KSB and quarterly reports on Form 10-QSB 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**

<u>Patent number</u>	<u>Title</u>	<u>Issue</u>	<u>Filing</u>	<u>Expiration</u>
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.

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### **Research and Development Costs During the Last Two Fiscal Years**

During the year ended December 31, 2007, we expended \$198,396 for research and development. During the year ended December 31, 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 April 3, 2008, subsequent to the balance sheet date, 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](http://www.sec.gov).

### **Item 2. 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.

### **Item 3. Legal Proceedings**

We are not a party to any pending legal proceeding. To the knowledge of management, no federal, state or local governmental agency is presently contemplating any proceeding against us. No director, executive officer or affiliate of ours or owner of record or beneficially of more than five percent of our common stock is a party adverse to us or has a material interest adverse to us in any proceeding.

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

Except as set forth below, no matter was submitted to a vote of our security holders during the fourth quarter of the period covered by this Annual Report or during the previous two fiscal years.

## **PART II**

### **Item 5. Market for Common Equity and Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities.**

#### **Market Information**

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.

	<u>2007</u>		<u>2006</u>		<u>2005</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
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

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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 April 3, 2008, there were 34,195,153 shares of our common stock outstanding. On April 3, 2008, the high and low bid price for our common stock was \$0.70 and \$0.70, respectively.

### Holders

The number of record holders of our common stock as of April 3, 2008, was approximately 168; this number does not include an indeterminate number of stockholders whose shares may be held by brokers in street name.

### 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.

### Securities Authorized for Issuance under Equity Compensation Plans

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights  (a)	Weighted-average exercise price of outstanding options, warrants and rights  (b)	Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a)  (c)
Equity compensation plans approved by security holders	None	None	None
Equity compensation plans not approved by security	5,000,000	None	1,500,000

holders

Total

None

None

None

**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**

<b>Name and Address*</b>	<b>Number of Shares Owned of Reflect California</b>	<b>Number of Shares of Our Common Stock Received in Exchange</b>
Kim Boyce 1270 South 1380 West Orem, Utah 84058	8,171	18,723,250
Michael Dancy Suite 205 455 East 500 South Salt Lake City, Utah 84111	43.6	100,000
Diversified Instruments, LLC 528 14 <sup>th</sup> Avenue Salt Lake City, Utah 84103	733.8	1,681,500
David Nelson Suite 200 455 East 500 South Salt Lake City, Utah 84111	43.6	100,000

SCS, Inc.	1,008	2,310,199
Suite 200		
455 East 500 South		
Salt Lake City, Utah 84111		
Totals	10,000	22,914,949

**2005 Convertible Preferred Stock Issuance\***

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 is defined in Regulation D of the Securities and Exchange Commission.

**2005 Common Stock Issued for Preferred Stock Conversion\***

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.

**2005 Common Stock Issued for Services\***

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.

**2006 Common Stock Issued for Preferred Stock Conversion\***

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

**2006 Common Stock Issued for Cash\***

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.

**2006 Common Stock Issued for Services\***

We issued 415,000 and 53,675 shares of our common stock for services.

**2006 Common Stock Issued for Acquisitions\***

We issued 200,000 shares in connection with the JMST acquisition; and 3,000,000 shares in connection with the Cryometrix merger.

**2007 Common Stock Issued for Acquisitions\***

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.

**2007 Common Stock issued for Cash and Services**

During the period ended September 30, 2007, we issued shares:

<u>To whom</u>	<u>Date</u>	<u>Number of shares</u>	<u>Consideration</u>
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
Cashless exercise of Warrants	10/10/2007	20,262	Warrants
Cashless exercise of Warrants	12/4/07	22,331	Warrants
Conversion of Debenture	12/24/07	38,462	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.

\* We issued all of these 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.

### Use of Proceeds of Registered Securities

There were no proceeds received during the calendar year ended December 31, 2007, from the sale of registered securities.

### 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, 2007. 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.

### SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

(a) Total Number of Shares (or Units)	(b) Average Price Paid per Share (or	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced <u>Plans or Programs</u>	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may yet be Purchased Under the Plans or <u>Programs</u>
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<u>Period</u>	<u>Purchased</u>	<u>Unit</u>		
Month #1 October 1, 2006 through October 30, 2006	None	None	None	None
Month #2 November 1, 2006 through November 30, 2006	None	None	None	None
Month #3 December 1, 2006 through December 31, 2006	None	None	None	None
Total	None	None	None	None

#### **Item 6. Management's Discussion and Analysis or Plan of Operation**

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, 2006.

Reflect Scientific's accounting policies are more fully described in Note 1 of the consolidated financial statements. As discussed in Note 1, 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.

We recognize revenue in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 104, Revenue Recognition (SAB 104). Under SAB 104, revenue is recognized at the point of passage to the customer of title and risk of loss, when there is persuasive evidence of an arrangement, the sales price is determinable, and collection of the resulting receivable is reasonably assured. We recognize revenue as services are provided with specific long lead time orders.

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**

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 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 substantial 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 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 years 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.

#### Seasonality and Cyclicity

We do not believe our business is cyclical.

#### Liquidity and Capital Resources

Our cash resources at December 31, 2007, were \$1,154,162, with accounts receivable of \$1,371,770 and inventory of \$727,970. We have relied on revenues and sales of equity and debt securities for cash resources. As a result of the issuances of debt and common stock, our working capital on December 31, 2007, was \$2,534,426. 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 the issuances of debt and common stock which has 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 will need in the future. Financing will depend on how well our products are received in the marketplace.

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In 2007, net cash used by operating activities was \$1,930,313 in cash as opposed to \$855,109 in 2006. The major changes were the result of the acquisitions and the cost to cover such acquisitions. We were able to offset the use of cash by raising additional equity in 2006. We are hopeful that in 2007, with the additional capital to focus on operations, including marketing, we will be able to reduce our loss for the year.

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 anticipate they will continue to increase and should start covering our expenses.

### **Off-Balance Sheet Arrangements**

We have no off balance sheet arrangements.

### **Item 7. Financial Statements**

The financial statements of the Company are set forth immediately following the signature page to this Form 10-KSB.

### **Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

With the hiring of David Strate as our CFO, our auditors, HJ & Associates, LLC, were no longer independent. We engaged Mantyla McReynolds, LLC effective October 3, 2007. With the hiring of David Strate as the CFO of Reflect Scientific, we were required to change auditors and accordingly, notified HJ & Associates that we were going to dismiss them as auditors effective October 1, 2007 for all further services because of the hiring of Mr. Strate. Mr. Strate was employed by HJ & Associates at the time we hired him and we believed, along with HJ & Associates, that this created a potential conflict of interest going forward and would make HJ & Associates no longer independent in the future. We have had no disagreements with any of our auditors or accountants.



**Item 8(A)T. Controls and Procedures.**

**Management's Annual Report on Internal Control Over Financial Reporting**

**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our President and CFO, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our President and CFO concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective such that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our President and CFO, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

**Management's Annual Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.

Our management, with the participation of the President and CFO, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2007. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ( COSO ) in Internal Control -

Integrated Framework. Based on this evaluation, our management, with the participation of the President and CFO, concluded that, as of December 31, 2007, our internal control over financial reporting was effective.

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

**Changes in internal control over financial reporting**

There have been no changes in internal control over financial reporting.

**Item 8(B). Other Information.**

None.

**PART III**

**Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act**

**Identification of Directors and Executive Officers**

The following table sets forth the names of all of our current directors and executive officers. These persons will serve until the next annual meeting of the stockholders or until their successors are elected or appointed and qualified, or their prior resignation or termination.

<b>Name</b>	<b>Positions Held</b>	<b>Date of Election or Designation</b>	<b>Date of Termination or Resignation</b>
Kim Boyce	President &	12/03	*

	Director	12/03	*
Tom Tait	Vice President &	01/05	*
	Director	01/05	*
Kevin Cooksy	Secretary	01/05	*
	Treasurer	01/05	*
Craig D. Morrison	Director	1/05	*
David Strate	Chief Financial Officer	10/07	*

\* These persons presently serve in the capacities indicated.

## Business Experience

### Kim Boyce - CEO, Director

Mr. Boyce, 53, is the founder of Reflect Scientific and serves as President, Chief Executive Officer and Chairman of our Board of Directors. 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. Prior assignments have included General Manager of HyperQuan Inc., 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. 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, 64, serves on the Board of Directors. Dr. Morrison is a surgeon practicing in the State of Utah. He has provided his medical expertise and is one of the pioneering shareholders in the finance and development of Sanguine Corporation. Sanguine 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.

**David Strate**

**Chief Financial Officer**

Mr. Strate, age 44, 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 51, 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 Cal