REFLECT SCIENTIFIC INC
Form 10-Q
May 15, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2009

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

For the transition period from __________ to __________

Commission File Number 000-31377

Reflect Scientific, Inc.

(Exact name of registrant as specified in its charter)

Utah

87-0642556

(State or other jurisdiction of

(IRS Employer Identification No.)

incorporation or organization)

1270 South 1380 West Orem, Utah 84058

(Address of principal executive offices) (Zip Code)

(801) 226-4100

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated filer ¨

Accelerated filer ¨

Non-accelerated filer ¨ (Do not check if a smaller reporting company)

Smaller reporting company x

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

Yes [ ] No [X]

Indicate the number of shares outstanding of each of the issuer s classes of common equity, as of the latest practicable date.

34,718,117 shares of $0.01 par value common stock on May 11, 2009

Transitional Small Business Disclosure Format (Check One): Yes [ ]   No [X]

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

Reflect Scientific, Inc.

FINANCIAL STATEMENTS

(UNAUDITED)

March 31, 2009

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

March 31, 2009

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Balance Sheets

ASSETS

		March 31, 2009 (Unaudited)		December 31, 2008 (Audited)
CURRENT ASSETS				
Cash	**$**	**240,370**	**$**	**447,037**
Accounts receivable		**994,659**		**1,005,864**
Other receivables		**28,871**		**28,818**
Inventories		**768,871**		**765,589**
Cost and estimated earnings in excess of contract billings on uncompleted contracts		**570,360**		**692,905**
Prepaid assets		**155,657**		**175,980**
Total Current Assets		**2,758,788**		**3,116,193**
FIXED ASSETS, NET		**559,544**		**589,298**
OTHER ASSETS				
Intangible assets, net		**5,371,582**		**5,472,851**
Long term prepaid asset		**-**		**27,223**
Deposits		**29,944**		**29,944**
Total Other Assets		**5,401,526**		**5,530,018**
TOTAL ASSETS	**$**	**8,719,858**	**$**	**9,235,509**

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

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Balance Sheets (Continued)

LIABILITIES AND SHAREHOLDERS EQUITY

		March 31, 2009 (Unaudited)		December 31, 2008 (Audited)
CURRENT LIABILITIES				
Accounts payable	**$**	**562,193**	**$**	**584,638**
Short term loan		**160,266**		**141,366**
Convertible debenture (net of discount)		**2,044,875**		**1,752,750**
Royalty payable		**73,550**		**73,550**
Interest payable		**70,110**		**70,110**
Capital leases short-term portion		**19,757**		**20,641**
Accrued expenses		**125,588**		**44,698**
Contract billings in excess of cost and estimated earnings on uncompleted contracts		**193,892**		**164,761**
Income taxes payable		**-**		**400**
Total Current Liabilities		**3,250,231**		**2,852,914**
LONG-TERM LIABILITIES				
Capital leases long-term portion		**14,238**		**19,506**
Total Long-Term Liabilities		**14,238**		**19,506**
Total Liabilities		**3,264,469**		**2,872,420**

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; 34,582,655 and 34,502,610 shares			**345,026**
issued and outstanding respectively		**345,826**	
Additional paid in capital		**16,811,821**	**16,792,610**
Accumulated deficit		**(11,702,258)**	**(10,774,547)**
Total Shareholders Equity		**5,455,389**	**6,363,089**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY			
	$	**8,719,858**	**9,235,509**

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 March 31, 2009	2008
REVENUES	**$ 1,508,246**	**$ 1,970,279**
COST OF GOODS SOLD	**877,292**	**944,025**
GROSS PROFIT	**630,954**	**1,026,254**
OPERATING EXPENSES		
Salaries and wages	**617,848**	**617,261**
Rent expense	**79,905**	**65,806**
General and administrative expense	**492,260**	**474,855**
Total Operating Expenses	**1,190,013**	**1,157,922**
OPERATING LOSS	**(559,059)**	**(131,668)**
OTHER INCOME (EXPENSE)		
Interest income	**253**	**6,583**
Interest expense	**(368,905)**	**(382,542)**
Total Other Expenses	**(368,652)**	**(375,959)**
NET LOSS BEFORE INCOME TAXES	**(927,711)**	**(507,627)**
Income tax benefit (expense)	**-**	**-**

NET LOSS	**$**	**(927,711)**	**$**	**(507,627)**
BASIC AND DILUTED INCOME(LOSS) PER SHARE	**$**	**(0.03)**	**$**	**(0.01)**
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		**34,578,208**		**34,963,927**

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

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

For the

Three Months Ended

March 31,

	2009	2008
Net loss	**$ (927,711)**	**$ (507,627)**
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	**29,754**	**14,015**
Amortization	**393,394**	**410,634**
Common stock issued for services/interest	**2,401**	**-**
Changes in operating assets and liabilities:		
(Increase)/decrease in accounts receivable	**11,206**	**44,086**
(Increase)/decrease in inventory	**(3,282)**	**(466,820)**
(Increase)/decrease in other receivables	**(52)**	**(601)**
(Increase)/decrease in prepaid asset	**47,545**	**40,425**
(Increase)/decrease in cost and estimated earnings in excess of contract billings on uncompleted contracts	**122,545**	**-**
Increase/(decrease) in contract billings in excess of cost and estimated earnings on uncompleted contracts	**29,131**	**-**
Increase/(decrease) in accounts payable and accrued expenses	**75,654**	**388,413**
Net Cash Provided by/(Used for) Operating Activities	**(219,415)**	**(77,475)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for fixed assets	**-**	**(8,088)**
Net Cash Provided by/(Used for) Investing Activities	**-**	**(8,088)**

CASH FLOWS FROM FINANCING ACTIVITIES				
Principal payments on capital leases		**(6,152)**		**(10,724)**
Change in lines of credit		**18,900**		**(1,509)**
Net Cash Provided by/(Used for) Financing Activities		**12,748**		**(12,233)**
NET				**(97,796)**
INCREASE (DECREASE) IN CASH		**(206,667)**		
CASH AT BEGINNING OF PERIOD		**447,037**		**1,154,162**
CASH AT END OF PERIOD	**$**	**240,370**	**$**	**1,056,366**

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	**$**	**56,769**	**$**	**8,950**
Income taxes	**$**		**$**	**-**
NON-CASH FINANCING ACTIVITIES:				
Common stock issued for debt	**$**	**17,610**	**$**	**-**

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

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REFLECT SCIENTIFIC, INC.

Notes to the Condensed Consolidated Financial Statements

March 31, 2009

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, 2008 financial statements. Operating results for the three months ended March 31, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

NOTE 2 -

ORGANIZATION AND DESCRIPTION OF BUSINESS

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

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

On December 30, 2003, pursuant to an Agreement and Plan of Reorganization, the Company completed a reverse merger with the shareholders of Reflect Scientific, Inc. in which it acquired 100% of Reflect Scientific, Inc., a California corporation in exchange for 22,914,949 common shares of the Company. The terms of the acquisition are detailed in an 8-K filing dated December 31, 2003. Under the terms of the agreement, the President of Reflect Scientific, Inc. became the President of the Company and was elected to the Board of Directors. The acquisition was accounted for as a recapitalization of Reflect Scientific, Inc. because the members of Reflect Scientific, Inc. controlled the Company after the acquisition. Reflect Scientific, Inc. was treated as the acquiring entity for accounting purposes and Cole, Inc. was the surviving entity for legal purposes. There was no adjustment to the carrying values of the assets or liabilities of Reflect Scientific, Inc. and no goodwill was recorded. The operations for the year ended December 31, 2006 and 2005 are those of Reflect Scientific, Inc. Effective January 19, 2007 the Company finalized an Agreement and Plan of Merger agreement with All Temp Engineering, Inc. Effective March 6, 2007, the Company finalized an Agreement and Plan of Merger agreement with Image Labs, International. The terms of the agreements are detailed in a 10-QSB filing dated March 31, 2007. The Company entered into these mergers after considering All Temp s and Image Lab s business history, financial condition, and intellectual property. The Company has a desire to expand its services and attract and

REFLECT SCIENTIFIC, INC.

Notes to the Condensed Consolidated Financial Statements

March 31, 2008

NOTE 2 -

ORGANIZATION AND DESCRIPTION OF BUSINESS (continued)

retain talented technical personnel and believed there were strategic and financial advantages to combining the businesses.

NOTE 3 CONVERTIBLE DEBENTURES AND WARRANTS

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

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

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

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

NOTE 3 CONVERTIBLE DEBENTURES AND WARRANTS (continued)

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

A summary of the status of the Company s outstanding stock warrants as of March 31, 2009 and changes during the period then ended is presented below:

	2009		
	Shares		Weighted Average Exercise Price
Outstanding, beginning of year	4,230,770	$	.90
Granted	-		-
Expired/Cancelled	-		-
Exercised	-		-
Outstanding March 31, 2009	4,230,770	$	.90
Exercisable	4,230,770	$	.90

		Outstanding		Exercisable
Range of Exercise Prices		Number outstanding at March 31, 2008	Weighted Average Remaining Contractual Life	Number Exercisable at March 31, 2008
$	0.80	2,115,385	3.25	2,115,385
	1.00	2,115,385	3.25	2,115,385
		4,230,770		4,230,770

NOTE 4 EQUITY TRANSACTIONS

During the three month period ended March 31, 2009, the Company issued 80,045 shares of its common stock for the payment of interest of $17,610 pursuant to the convertible debenture agreement dated June 29, 2007. The Company valued the shares at $20,011 ($0.25/share) based on the closing quote on the date issued. The additional expense of $2,401 was recorded as interest expense.

NOTE 5 SUBSEQUENT EVENT

On April 1, 2009 the Company issued 135,462 shares of its common stock for the payment of interest of $17,610 pursuant to the convertible debenture agreement dated June 29, 2007.

NOTE 6 NEW ACCOUNTING PRONOUNCEMENTS

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and

Hedging Activities." SFAS 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. Pursuant to the transition provisions of the Statement, the Company adopted SFAS No. 161 on January 1, 2009, with no material impact on the Company s financial statements.

In February 2008, the FASB issued FSP FAS 157-2, Effective Date of FASB Statement No. 157. FSP FAS 157-2 delayed the effective date of SFAS No. 157 Fair Value Measurements from 2008 to 2009 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The adoption of the provisions of SFAS No. 157 related to nonfinancial assets and nonfinancial liabilities on January 1, 2009 did not have a material impact on the Financial Statements.

In March 2009, the FASB released Proposed Staff Position SFAS 157-e, "Determining Whether a Market Is Not Active and a Transaction Is Not Distressed". This proposal provides additional guidance in determining whether a market for a financial asset is not active and a transaction is not distressed for fair value measurement purposes as defined in SFAS 157, "Fair Value Measurements." SFAS 157-e is effective for interim periods ending after June 15, 2009, but early adoption is permitted for interim periods ending after March 15, 2009. The Company is evaluating, but does not expect this guidance will have a significant impact on the Company's financial position, cash flows, or disclosures.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Special Note Regarding Forward-Looking Statements

This periodic report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the Plan of Operations provided below, including information regarding the Company s financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities, and the plans and objectives of management. The statements made as part of the Plan of Operations that are not historical facts are hereby identified as "forward-looking statements."

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 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 month period ended March 31, 2009, to the items disclosed as significant accounting policies in management's Notes to the Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

Plan of Operation and Business Growth

Over the next twelve months our focus will be on the commercialization of products acquired and developed over the last several years. Included in this focus will be the continued development and commercialization of our ultra low temperature refrigerator line. Additionally, we will continue to develop and expand our focus on solutions and services to retrofit server and computer rooms to help reduce the cost of cooling such rooms as well as provide a more reliable way to cool such rooms. We also will continue to focus on the expansion of our detector line and contract manufacturing operations.

Management s focus over the last several years was on the acquisition and development of our product lines. Management now feels they have the core product lines in place to now refocus its efforts on the commercialization of the product lines. As such much of the focus over the next twelve months will be on marketing our products and expanding our customer base.

Our revenues decreased from the quarter ended March 31, 2008, from $1,970,279 to $1,508,246 for the quarter ended March 31, 2009. This decrease is due to the general economic downturn and many potential customers postponing large capital expenditures for our product lines. We do not expect this trend to continue in the remaining quarters of 2009. Our products are new to the marketplace and we expect the demand to grow as our products become more familiar. We believe the product lines are becoming commercially accepted and that sales will 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 anticipate the future business growth over the next twelve months to come from our current product line.

Results of Operations

March 31, 2009 and 2008

Our revenues decreased during the quarter ended March 31, 2009, to $1,508,246 from $1,970,279 for the quarter ended March 31, 2008, we believe this trend will not continue as our products gain more commercial acceptance.

Our cost of goods decreased in the quarter ending March 31, 2009, as compared to March 31, 2008 to $877,292 from $944,025. The difference was the result of decreased sales. Overall, as a percentage of sales, our cost of goods sold was approximately 58% for the three months ended March 31, 2009 compared to 48% for the quarter ended March 31, 2008. We anticipate the cost of goods sold percentage to vary by quarter depending on which products make up the largest percentage of sales during the quarter. Once our products are in the market place longer, our cost of goods sold percentage should become more fixed as a percentage of sales.

We again expanded our operations during the quarter ended March 31, 2009. Salaries and wages increased to $617,848 during the quarter ended March 31, 2009, compared to $617,261 for the quarter ended March 31, 2008.

With the increase in operating expenses from $1,157,922 for the quarter ended March 31, 2008 to $1,190,013 for the quarter ended March 31, 2009, our operating loss increased to $559,059 from $131,668 for the comparable period in 2008. We expect that as sales start to increase, we will be able to reduce our operating loss this year.

Interest expense was $368,905 for the quarter ended March 31, 2009. The interest expense related to our debentures is $70,110 for the quarter and $298,795 is related to the amortization of the discounts on the debenture.

Seasonality and Cyclicality

We do not believe our business is cyclical.

Liquidity and Capital Resources

Our cash resources at March 31, 2009, were $240,370, with accounts receivable of $994,659 and inventory of $768,781. We have relied on revenues and sales of equity and debt securities for cash resources. Our working capital surplus/(deficit) on March 31, 2009, was $(491,443) compared to $263,279 on December 31, 2008. To complete acquisitions and to fund our expanding operations, much of the working capital was used in the first part of 2007 requiring us to raise additional capital which was completed in June 2007. This capital was used to increase our manufacturing resulting in increased inventory. We hope to devote some of the available cash to marketing to help increase sales over the next twelve months.

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

Our long term liabilities were $14,238 on March 31, 2009. This reflects the maturity of our debenture becoming short-term of $2,337,500, although only $2,044,875 is reflected because of the discounts on the debenture, in June 2009, the debenture will be due and the total amount owed will be $2,337,500, less any future conversions. If the debentures are not converted, we would probably have to seek some additional debt or equity financing to help repay the debenture. The amount of debt or equity financing required will be dependent on how our operations perform over the next twelve months. If sales increase, we may be able to repay part of the debentures with operating profits.

For the quarter ended March 31, 2009, our net cash used by operating activities was $219,415 which was up from $77,475 for the quarter ended March 31, 2008.

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

Off-Balance Sheet Arrangements

We have no off balance sheet arrangements as of March 31, 2009.

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 are illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

This item is not required for Small Reporting Companies.

Item 4T. Controls and Procedures.

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. Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Securities Exchange Act of 1934 (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. Based on that evaluation, our President and CFO concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report due to weaknesses in financial reporting as described in the Company s Annual Report on Form 10-K for the year ended December 31, 2008 and because our remediation of the material weaknesses identified is not yet fully complete. We continue our efforts of remediation of these issues and believe we have made significant progress. We have new written polices and procedures for our financial reporting process and we have implemented them during first and second quarters 2009. Notwithstanding the foregoing, we are not aware that such deficiencies have resulted in any material errors or omissions in the consolidated financial statements contained in our annual report on Form 10-K for 2008, our quarterly report on Form 10-Q for the three-month period ended March 31, 2009, or in any related disclosures. 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.

Changes in internal control over financial reporting

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

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

None

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

Recent Sales of Unregistered Securities

We have not sold any restricted securities during the three months ended March 31, 2009.

Use of Proceeds of Registered Securities

None; not applicable.

Purchases of Equity Securities by Us and Affiliated Purchasers

During the three months ended March 31, 2009, we have not purchased any equity securities nor have any officers or directors of the Company.

ITEM 3. Defaults Upon Senior Securities

We are not aware of any defaults upon senior securities.

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

No matters were submitted to a vote of security holders during the quarter ended March 31, 2009.

ITEM 5. Other Information.

None

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

*	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

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Reflect Scientific, Inc.

(Registrant)

Date:

May 15, 2009

By: /s/ Kim Boyce

Kim Boyce, CEO, President and Director

Date:

May 15, 2009

By: /s/ Tom Tait

Tom Tait, Vice President and Director

Date:

May 15, 2009

By: /s/ David Strate

David Strate, CFO