

Edgar Filing: REFLECT SCIENTIFIC INC - Form 10QSB

REFLECT SCIENTIFIC INC  
Form 10QSB  
November 14, 2006

U. S. Securities and Exchange Commission  
Washington, D. C. 20549

FORM 10-QSB

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

For the quarterly period ended September 30, 2006

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

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

Commission File No. 000-31377

REFLECT SCIENTIFIC, INC.  
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(Name of Small Business Issuer in its Charter)

UTAH  
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(State or Other Jurisdiction of  
incorporation or organization)

87-0642556  
-----

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

1270 South 1380 West  
Orem, Utah 84058  
-----

(Address of Principal Executive Offices)

Issuer's Telephone Number: (801) 226-4100  
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970 Terra Bella Avenue  
Mountain View, California, 94043  
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Former Name or Address

Indicate by check mark whether the Registrant (1) has filed all reports  
required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 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.

(1) Yes  No  (2) Yes  No   
--- --- --- ---

Indicate by check mark whether the Registrant is a shell company (as defined  
in Rule 12b-2 of the Exchange Act). Yes  No   
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Applicable Only to Issuers Involved in Bankruptcy  
Proceedings During the Preceding Five Years

Not applicable.

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Applicable Only to Corporate Issuers

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date: September 30, 2006 - 30,618,502 shares of common stock.

Transitional small business disclosure format (check one):   Yes        No X  
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## PART I - FINANCIAL INFORMATION

### Item 1.   Financial Statements.

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The Financial Statements of the Company required to be filed with this 10-QSB Quarterly Report were prepared by management, and commence on the following page, together with Related Notes. In the opinion of management, the Financial Statements fairly present the financial condition of the Company.

#### REFLECT SCIENTIFIC, INC.

#### CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2006

#### REFLECT SCIENTIFIC, INC. Consolidated Balance Sheets

#### ASSETS

|                            | September 30,<br>2006<br>(Unaudited) |
|----------------------------|--------------------------------------|
| <b>CURRENT ASSETS</b>      |                                      |
| Cash                       | \$ 113,653                           |
| Accounts receivable, (net) | 447,160                              |
| Inventory, net             | 377,105                              |
| Prepaid expenses           | 14,363                               |
| Total Current Assets       | 952,281                              |
| <b>FIXED ASSETS (NET)</b>  | 195,449                              |
| <b>OTHER ASSETS</b>        |                                      |
| Intangible assets (net)    | 5,429,055                            |
| Income tax receivable      | 24,761                               |
| Deposits                   | 5,350                                |
| Total other assets         | 5,459,166                            |
| <b>TOTAL ASSETS</b>        | <b>\$ 6,606,896</b>                  |

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

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## REFLECT SCIENTIFIC, INC. Consolidated Balance Sheets (Continued)

### LIABILITIES AND SHAREHOLDERS' EQUITY

|  | September 30,<br>2006<br>(Unaudited) |
|--|--------------------------------------|
| <b>CURRENT LIABILITIES</b>   |                                      |
| Notes payable  | \$ 303,765                           |
| Accounts payable   | 239,052                              |
| Accrued expenses   | 96,958                               |
| Customer deposits  | 36,504                               |
| Income taxes payable   | 400                                  |
| Total Current Liabilities  | 676,679                              |
| <b>NON-CURRENT LIABILITIES</b>   |                                      |
| Deferred income taxes  | 32,676                               |
| Total Liabilities  | 709,355                              |
| <b>COMMITMENTS AND CONTINGENCIES</b>   |                                      |
| <b>SHAREHOLDERS' EQUITY</b>  |                                      |
| Preferred stock, \$0.01 par value,<br>authorized 5,000,000 shares; 10,000<br>shares issued and outstanding   | 100                                  |
| Common stock, \$0.01 par value, authorized<br>50,000,000 shares; 30,672,177 shares issued<br>and outstanding | 306,722                              |
| Additional paid-in capital   | 7,036,665                            |
| Accumulated deficit  | (1,445,946)                          |
| Total Shareholders' Equity   | 5,897,541                            |
| TOTAL LIABILITIES AND SHAREHOLDERS'<br>EQUITY  | \$ 6,606,896                         |

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

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## REFLECT SCIENTIFIC, INC. Consolidated Statements of Operations (Unaudited)

|                    | For the Three Months Ended |            | For the Nine Months Ended |             |
|--------------------|----------------------------|------------|---------------------------|-------------|
|                    | September 30,              |            | September 30,             |             |
|                    | 2006                       | 2005       | 2006                      | 2005        |
| REVENUES           | \$ 652,359                 | \$ 573,572 | \$ 1,907,540              | \$1,628,313 |
| COST OF GOODS SOLD | 417,351                    | 326,041    | 1,177,137                 | 919,883     |
| GROSS PROFIT       | 235,008                    | 247,531    | 730,403                   | 708,430     |

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### OPERATING EXPENSES

|  |              |             |              |              |
|--|--------------|-------------|--------------|--------------|
| Salaries and wages                                   | 252,625      | 88,784      | 475,782      | 250,131      |
| Payroll taxes  | 20,755       | 7,803       | 42,012       | 21,416       |
| Rent expense   | 11,869       | 21,454      | 50,530       | 59,761       |
| General and administrative expense                   | 724,569      | 72,490      | 1,053,099    | 322,921      |
|  | -----        | -----       | -----        | -----        |
| Total Operating Expenses                             | 1,009,818    | 190,531     | 1,621,423    | 654,229      |
|  | -----        | -----       | -----        | -----        |
| OPERATING INCOME (LOSS)                              | (774,810)    | 57,000      | (891,020)    | 54,201       |
|  | -----        | -----       | -----        | -----        |
| <b>OTHER EXPENSE</b>                                 |              |             |              |              |
| Interest expense                                     | -            | (1,583)     | (25)         | (9,961)      |
|  | -----        | -----       | -----        | -----        |
| Total Other Expense                                  | -            | (1,583)     | (25)         | (9,961)      |
|  | -----        | -----       | -----        | -----        |
| NET INCOME (LOSS) BEFORE INCOME TAX                  | (774,810)    | 55,417      | (891,045)    | 44,240       |
|  | -----        | -----       | -----        | -----        |
| INCOME TAX EXPENSE                                   | -            | -           | -            | -            |
|  | -----        | -----       | -----        | -----        |
| NET INCOME (LOSS)                                    | \$ (774,810) | \$ 55,417   | \$ (891,045) | \$ 44,240    |
|  | =====        | =====       | =====        | =====        |
| Preferred distribution, dividends                    | -            | (108,054)   | -            | (700,000)    |
|  | -----        | -----       | -----        | -----        |
| NET LOSS PER SHARE APPLICABLE TO COMMON SHAREHOLDERS | \$ (774,810) | \$ (52,637) | \$ (891,045) | \$ (655,759) |
|  | =====        | =====       | =====        | =====        |
| EARNINGS PER SHARE                                   | \$ (0.03)    | \$ (0.00)   | \$ (0.03)    | \$ (0.03)    |
|  | =====        | =====       | =====        | =====        |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING        | 30,156,174   | 24,380,000  | 27,124,903   | 24,204,615   |
|  | =====        | =====       | =====        | =====        |

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

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### REFLECT SCIENTIFIC, INC. Consolidated Statements of Shareholder's Equity

|  |        | Preferred Stock |        | Common Stock |         | Additional         | Retained  |
|--|--------|-----------------|--------|--------------|---------|--------------------|-----------|
|  |        | Shares          | Amount | Shares       | Amount  | Paid-in<br>Capital | Earnings  |
| Balance,   |        |                 |        |              |         |                    |           |
| December 31, 2005  | 10,000 | 100             |        | 25,530,002   | 255,300 | 1,210,337          | (554,901) |
| Common stock issued for cash (unaudited)                           | -      | -               |        | 400,000      | 4,000   | 316,000            | -         |
| Common stock issued pursuant to merger with Cryomaster (unaudited) | -      | -               |        | 3,000,000    | 30,000  | 3,720,000          | -         |
| Common stock issued pursuant to JM                                 |        |                 |        |              |         |                    |           |

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|  |        |        |            |           |             |               |
|--|--------|--------|------------|-----------|-------------|---------------|
| SciTech, LLC<br>purchase<br>(unaudited)                                | -      | -      | 200,000    | 2,000     | 338,000     | -             |
| Common stock issued<br>for cash (unaudited)                            | -      | -      | 1,073,500  | 10,735    | 1,062,765   | -             |
| Common stock issued<br>for services<br>(unaudited)                     | -      | -      | 415,000    | 4,150     | 390,100     | -             |
| Common stock issued<br>for commissions<br>(unaudited)                  | -      | -      | 53,675     | 537       | 52,065      | -             |
| Stock offering costs<br>(Unaudited)                                    | -      | -      | -          | -         | (52,602)    | -             |
| Net loss for the<br>quarter ended<br>September 30, 2006<br>(unaudited) | -      | -      | -          | -         | -           | (891,045)     |
|  | -----  | -----  | -----      | -----     | -----       | -----         |
| Balances,<br>September 30, 2006<br>(unaudited)                         | 10,000 | \$ 100 | 30,672,177 | \$306,722 | \$7,036,665 | \$(1,445,946) |
|  | =====  | =====  | =====      | =====     | =====       | =====         |

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

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REFLECT SCIENTIFIC, INC.  
Consolidated Statements of Cash Flows  
(Unaudited)

|   | For the Nine Months Ended<br>September 30, |           |
|---|--|-----------|
|   | 2006                                       | 2005      |
| CASH FLOWS FROM OPERATING ACTIVITIES  |  |           |
| Net income (loss)   | \$ (891,045)                               | \$ 44,240 |
| Adjustments to reconcile net income<br>to net cash provided by operating<br>activities: |  |           |
| Depreciation  | 33,891                                     | 2,474     |
| Amortization  | 15,850                                     | 700       |
| Common stock issued for services  | 394,250                                    | 9,056     |
| Changes in operating assets and<br>liabilities:   |  |           |
| Increase in accounts receivable   | (129,886)                                  | (54,129)  |
| Increase in inventory   | (71,421)                                   | (93,133)  |
| Increase in income tax receivable   | (24,761)                                   | -         |
| Increase in prepaid asset   | (10,000)                                   | -         |
| Increase in accounts payable and<br>accrued expenses                                    | 170,703                                    | 40,675    |
|   | -----                                      | -----     |
| Net Cash Used by<br>Operating Activities  | (512,419)                                  | (50,117)  |
|   | -----                                      | -----     |
| CASH FLOWS FROM INVESTING ACTIVITIES  |  |           |

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|  |                   |                   |
|--|-------------------|-------------------|
| Cash paid for fixed assets                   | (208,390)         | -                 |
| Cash paid for intangible assets              | (1,354,905)       | -                 |
|  | -----             | -----             |
| Net Cash Used by<br>Investing Activities     | (1,563,295)       | -                 |
|  | -----             | -----             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                   |                   |
| Change in long term line of credit           | -                 | (269,036)         |
| Notes payable                                | 303,765           | -                 |
| Proceeds from common stock issuance          | 1,393,500         | -                 |
| Proceeds from preferred stock issuance       | -                 | 700,000           |
|  | -----             | -----             |
| Net Cash Provided by<br>Financing Activities | 1,697,265         | 430,964           |
|  | -----             | -----             |
| <b>NET INCREASE (DECREASE) IN CASH</b>       | <b>(378,449)</b>  | <b>380,847</b>    |
| <b>CASH AT BEGINNING OF PERIOD</b>           | <b>492,102</b>    | <b>80,739</b>     |
|  | -----             | -----             |
| <b>CASH AT END OF PERIOD</b>                 | <b>\$ 113,653</b> | <b>\$ 461,586</b> |
|  | =====             | =====             |

### SUPPLEMENTAL CASH FLOW INFORMATION:

#### Cash Paid For:

|              |       |          |
|--------------|-------|----------|
| Interest     | \$ 25 | \$ 9,961 |
| Income taxes | \$ -  | \$ -     |

### NON-CASH FINANCING ACTIVITIES:

|                                  |            |          |
|----------------------------------|------------|----------|
| Common stock issued for services | \$ 446,852 | \$ 9,056 |
|----------------------------------|------------|----------|

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

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REFLECT SCIENTIFIC, INC.  
Notes to the Consolidated Financial Statements  
September 30, 2006 and December 31, 2005

### NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed 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 such rules and regulations. The information furnished in the interim condensed 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 financial statements be read in conjunction with the Company's most recent audited financial statements and notes thereto included in its December 31, 2005

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

NOTE 2 - ACQUISITIONS

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

|                |    |           |
|----------------|----|-----------|
| Patents        | \$ | 3,081,777 |
| Customer Lists |    | 480,000   |
| Goodwill       |    | 1,289,799 |
|                |    | -----     |
|                | \$ | 4,851,576 |
|                |    | =====     |

As consideration for these assets, the Company issued 3,000,000 shares at \$1.25 of its common stock that are restricted securities to the shareholders of Cryomastor, Inc. as well as paid \$700,000 to the same shareholders. The Company also advanced \$300,000 to be utilized for the operations of Cryomastor, Inc. and were required to pay a \$300,000 debt of Cryomastor, Inc. for a U.S. patent of Cryomastor systems within 90 days of the closing on June 27, 2006, or on or about September 25, 2006. An employment agreement will be executed and the Company will pay to the Cryomastor shareholders 2.5% of the gross annual revenue earned by the Company.

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

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REFLECT SCIENTIFIC, INC.  
Notes to the Consolidated Financial Statements  
September 30, 2006 and December 31, 2005

NOTE 2 - ACQUISITIONS (continued)

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

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

|                   |    |         |
|-------------------|----|---------|
| Intangible assets | \$ | 350,000 |
| Goodwill          |    | 240,000 |
|                   |    | -----   |
|                   | \$ | 590,000 |
|                   |    | =====   |

As consideration for the JMST Technology, the Company issued 200,000 shares at \$1.70 of its common stock that are restricted securities, paid the sum of \$250,000, and will pay certain royalty payments as outlined in

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the agreement. As part of this agreement, the Company issued 400,000 shares of common stock that are "restricted securities" as defined in Rule 144 to "accredited investors" only, to finance the acquisition of JM SciTech, LLC. These shares were sold at a price of \$0.80 per share. None of these shares were accorded registration rights of any kind.

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

### NOTE 3 - SUBSEQUENT EVENTS

Effective August 3, 2006, the Company signed a Letter of Intent to purchase All Temp Engineering. As consideration for the purchase, the Company will issue 2,000,000 shares of its common stock that are restricted securities and pay certain royalties to its shareholders. As of September 30, 2006, the purchase had not yet been completed.

Effective August 23, 2006, the Company signed a Letter of Intent to purchase Smithgall & Associates, Inc., dba Image Labs International. As consideration for the purchase, the Company will issue 525,000 shares of its common stock that are restricted securities; pay \$200,000; pay certain royalties on certain of Image Labs business segments to this shareholder; and will employ Image Labs sole shareholder. Simultaneously, the Company signed another Letter of Intent to employ another person associated with a business segment of Image Labs; paid the associated person \$37,500 on the signing of that Letter of Intent; will pay that person certain royalties on another business segment of Image Labs; and has agreed to issue 500,000 shares of its common stock that are restricted securities. As of September 30, 2006, the purchase of Image Labs had not yet been completed.

The due date of the \$300,000 Note assumed by the Company in the Cryomastor acquisition was extended from September 25, 2006, to December 31, 2006.

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

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#### Results of Operations.

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Our revenues increased during the quarter ended September 30, 2006, to \$652,359, from \$573,572 for the quarter ended September 30, 2005, primarily as a result of a general improvement in sales across several product lines.

Our cost of goods increased in the quarter ended September 30, 2006, as compared to September 30, 2005, to \$417,351 from \$326,041, as a result of increased raw material costs and increased sales.

General and administrative expenses increased to \$724,569 during the quarter ended September 30, 2006, from \$72,490 during the quarter ended September 30, 2005. This increase was due to equity based non-cash employee compensation, acquisition related expenditures and increased employment levels.



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Nine Months Ended September 30, 2006 compared to Nine Months Ended September 30, 2005  
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Our revenues increased during the nine months ended September 30, 2006, to \$1,907,540, from \$1,628,313 for the nine months ended September 30, 2005, also primarily as a result of a general improvement in sales across several product lines.

Our cost of goods increased in the nine months ended September 30, 2006, as compared to September 30, 2005, to \$1,177,137 from \$919,883, also as a result of increased raw material costs and increased sales.

General and administrative expenses increased to \$1,053,099 during the nine months ended September 30, 2006, from \$322,921 during the nine months ended September 30, 2005. This increase was due to equity based non-cash employee compensation, acquisition related expenditures and increased employment levels.

Liquidity and Capital Resources.  
-----

Our cash resources at September 30, 2006, were \$113,653, with accounts receivable of \$447,160. We sold 400,000 shares of our common stock that are "restricted securities" as defined in Rule 144 to "accredited investors" only, to finance the acquisition of JM SciTech, LLC. These shares were sold at a price of \$0.80 per share. None of these shares were accorded registration rights of any kind.

Subsequent to the quarter ended September 30, 2006, the Company sold 503,335 shares of its common stock that are "restricted securities" at \$0.75 per share for aggregate consideration of \$377,501.25. These funds should be adequate for the next 12 months for continuing operations; however, plans for expansion will require additional capital of approximately \$2,500,000.

Forward-Looking Statements.  
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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 Quarterly 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

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regulatory developments, such as regulatory actions affecting environmental activities, the imposition by foreign countries of trade restrictions and changes in international tax laws or currency controls; adverse weather conditions or natural disasters, such as hurricanes and earthquakes, labor disputes, which may lead to increased costs or disruption of operations.

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

### Item 3. Controls and Procedures.

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As of the end of the period covered by this Quarterly Report, we carried out an evaluation, under the supervision and with the participation of our President and Secretary, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our President and Secretary concluded that information required to be disclosed is recorded, processed, summarized and reported within the specified periods and is accumulated and communicated to management, including our President and Secretary, to allow for timely decisions regarding required disclosure of material information required to be included in our periodic Securities and Exchange Commission reports. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and our President and Secretary have concluded that our disclosure controls and procedures are effective to a reasonable assurance level of achieving such objectives. However, it should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. In addition, we reviewed our internal controls over financial reporting, and there have been no changes in our internal controls or in other factors in the last fiscal quarter that has materially affected our internal controls over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

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None; not applicable.

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

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As of the quarter ended September 30, 2006, we issued 1,073,500 of our common stock for cash.

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

We issued all of these securities to persons who were "accredited investors"; and each had prior access to all material information about us. We believe that the offer and sale of these securities were exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Sections 4(2) and 4(6) thereof; and Rule 506 of Regulation D of the Securities and Exchange Commission, under which state law is preempted.

Effective August 3, 2006, we signed a Letter of Intent to purchase All Temp Engineering. As consideration for the purchase, the Company will

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issue 2,000,000 shares of its common stock that are restricted securities and pay certain royalties to its shareholders. As of September 30, 2006, the purchase had not been completed.

Effective August 23, 2006, we signed a Letter of Intent to purchase Smithgall & Associates, Inc., dba Image Labs International. As consideration for the purchase, the Company will issue 525,000 shares of its common stock that are restricted securities; pay \$200,000; pay certain royalties on certain of Image Labs business segments to this shareholder; and will employ Image Labs sole shareholder. Simultaneously, the Company signed another Letter of Intent to employ another person associated with a business segment of Image Labs; paid the associated person \$37,500 on the signing of that Letter of Intent; will pay that person certain royalties on another business segment of Image Labs; and has agreed to issue 500,000 shares of its common stock that are restricted securities. As of September 30, 2006, the purchase of Image Labs had not yet been completed.

Item 3. Defaults Upon Senior Securities.

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None; not applicable.

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

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None; not applicable.

Item 5. Other Information.

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None; not applicable.

Item 6. Exhibits.

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Exhibits.

- 31.1 302 Certification of Kim Boyce
- 31.2 302 Certification of Kevin Cooksy
- 32 906 Certification.

SIGNATURES

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

REFLECT SCIENTIFIC, INC.

Date: 11/13/06

/s/Kim Boyce

-----

Kim Boyce, President

Date: 11/13/06

/s/Tom Tait

-----

Tom Tait, Vice President

Date: 11/13/06

/s/Kevin Cooksy

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Kevin Cooksy, Secretary/Treasurer