REFLECT SCIENTIFIC INC
Form 10KSB
March 31, 2005

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

FORM 10-KSB

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

For the calendar year ended December 31, 2004

[ ] 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	87-0642556
(State or Other Jurisdiction of incorporation or organization)	(I.R.S. Employer I.D. No.)

970 Terra Bella Avenue
Mountain View, California, 94043

(Address of Principal Executive Offices)

Issuer's Telephone Number: (650) 960-0300

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

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

Common Stock, $0.01 par value

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

(1) Yes X No ___ (2) Yes X 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 the Company'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. [ ]

State the Company's revenues for its most recent calendar year (December 31, 2004): $2,103,339.

The aggregate market value of the common equity of our Company (comprised only of our common stock) held by non-affiliates, based upon the average bid and asked prices of our common stock on March 29, 2005 ($.10 per share), as reported by the OTC Bulletin Board of the National Association of Securities Dealers, Inc., was approximately $264,175, based upon a non-affiliate ownership of 2,641,750 shares.

Our Company has not been involved in any bankruptcy proceedings.

The number of shares of our Company's common equity outstanding as of March 29, 2005, was 24,000,000 shares of common stock; and 436,000 shares of 2004 Series A Convertible Preferred Stock.

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

Transitional Small Business Disclosure Format: Yes X No

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.," for the primary purpose of offering formatting and EDGAR filing services for companies and individuals that desired to submit electronic filings to the Securities and Exchange Commission. These business operations were minimal, and were not deemed to be material.

Material Developments During Calender 2004.

On November 9, 2004, we amended our Articles of Incorporation to designate a class of preferred stock. Our authorized capital is divided into two classes, 50,000,000 shares of common stock with a $.01 par value and 5,000,000 shares of preferred stock with a $.01 par value. Of the 5,000,000 shares of preferred authorized, 4,250,000 shares shall have such rights and preferences as the Board of Directors shall determine; and 750,000 of which shall be designated as "2004 Series A Convertible Preferred Stock," with the powers, preferences, rights, qualifications, limitations and restrictions as outlined in the Articles of Amendment that were attached as Exhibit 3 to our 10-KSB Annual Report for the calendar year ended December 31, 2003, filed with the Securities and Exchange Commission on April 12, 2004, and which are incorporated herein by reference. See Part III, Item 13.

We also resolved on November 8, 2004, to conduct a private placement under Sections 4(6) and 4(2) of the Securities Act of 1933, as amended, (the "Securities Act"), and Rule 506 of the Securities and Exchange Commission promulgated thereunder to offer and sell up to 750,000 of such shares of 2004 Series A Convertible Preferred Stock at a price of $1.00 per share. As of the date of this Annual Report, 436,000 shares of the 2004 Series A Convertible Preferred Stock have been sold.

Material Developments Prior to Calendar 2004.

For a discussion of the material developments of our Company prior to December 31, 2003, see our 10-KSB Annual Report for the year ended December 31, 2003. See Part III, Item 13.

Business.

Our Company, through Reflect Scientific, Inc., a California corporation and our wholly-owned subsidiary ("Reflect California"), is engaged in 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. Kim Boyce, our Company's current President and sole Director, founded our Company in Mountain View, California, in 1993, to provide these products to customer specification and in specialized packaging direct to high volume OEM clients.

Chromatography, which is a laboratory technique for separating a mixture of compounds into its individual components and is the most prevalent chemical analysis technique in the world. Many of the products from our Company are related directly to this analytical technique. Our Company holds an excellent niche share of an immense global market and has maintained a positive growth profile since inception.

We boast a product line of over 1,000 items that includes gas ultra purification filters, molecular sieves and various scientific items necessary to most chemistry laboratories in the world. Several first tier corporations in the global market place are the primary buyers of our filters, which are manufactured internally and delivered to our OEM customer base. It is this customer-focused system, incorporating tailor-made products to the customer's specification, that has developed a solid customer base. Our Company established access to so many local leading companies that utilize our existing products and present our Company with a unique opportunity for growth.

Our existing manufacturing locations in Union City, California, and Ogden, Utah, produce the glass vial caps, silicone liners, laser filtration products, gas chromatography filtration products, high pressure liquid chromatography products various ferrules and high temperature septa products.

Our Company's OEM Strategy is to manufacture products as defined by the buyers and to nameplate these products with the name of the buyers as if our Company were an in-house R & D company manufacturing specifically for a parent has proved to be immediately successful in creating a niche market. By producing precisely what OEM's require in such critical areas as gas purifiers, our Company is not under pressure to create our own catalogue or to compete against any other producer of similar "consumables" directly since our work is within the scientific confines of the buyers' companies and often carries the nameplate of the buyers. It was and remains the belief of Mr. Boyce as CEO that this unique sales program, direct to the scientific markets for semiconductor fabrication, bio-technology and chemical analysis will yield an ever increasing income stream if developed carefully over the next 10 to 20 years.

Chromatography, Generally.

Chromatography is a widely used method to separate, detect and quantify organic chemicals. The procedure relies upon capillary action as the separating mechanism. There are several types of chromatography, including liquid and gaseous applications. We are active in all of the sub-markets of chromatography.

Gas Chromatography.

Gas Chromatography is a method for separating the components of a solution and measuring their relative quantities. It is a useful technique for chemicals that do not decompose at high temperatures and when a very small quantity of a sample (micrograms) is available.

In gas chromatography, a sample is rapidly heated and vaporized at the injection port of the instrument. The sample is transported through the column by a mobile phase consisting of an inert gas. Sample components are separated based on their boiling points and relative affinity for the stationary phase, which is most often viscous liquid within the column. The higher a components affinity for the stationary phase, the slower it traverses the length of the separation column. The components are detected and represented as peaks on a chromatogram. Gas chromatographs are routinely found in all petrochemical, pharmaceutical and environmental laboratories, to name just a few (generally all wet chemistry laboratories will have a chromatograph instrument).

Sources and Availability of Raw Materials.

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 One or More Customers.

Three of our customers represent approximately 80% of our revenues. Our relationships with these customers are strong and have been stable for many years.

Competitive Conditions.

In recent years, including our calendar year ended December 31, 2004, there has been no erosion in our business due to changes in competition. We continue to enjoy a strong niche market that remains somewhat insulated from main stream competition.

Patents and Trademarks.

We do not have any patents or trademarks, and to the best of our knowledge, none of our products infringe on any other's patents or trademarks. We are not making or selling any products under any third party licensing agreements.

Growth Plan.

Outlined below are the key elements of our Company's current plans to (i) expand our existing business and (ii) create and position a transformed business in the biotech and other high growth industries.

Expand into Biotech Analytical/Instrumentation and Medical Diagnostics Equipment.

We have an established position as a supplier of analytical equipment to scientific communities across a broad range of industries, which already includes the biotech sector.

Biotech companies rely heavily on their ability to collect and rapidly analyze high volumes of samples and to develop key tests for genes and proteins. In many cases, equipment that is presently available from suppliers is inadequate. This has created a need for custom manufacturing of analytical and diagnostic tools to support efforts in the Genome, Proteome and Genetic Engineering fields. These fields are becoming well established and many pharmaceutical companies are securing positions with key biotech companies as the outlook for protein based "personalized" drug therapies grows closer. Several potential acquisitions of small companies (engaged in the fabrication of related analytical equipment) have been identified that would allow us to build a stronger presence in the biotech markets.

Biotech Technology Acquisitions/Licensing.

Once established in this field as a service provider, we can develop alliances and identify additional areas of opportunity. Several consultants have been contacted and identified as individuals who could provide us with excellent insight. This, coupled with our own presence, should provide a firm basis upon which a technology portfolio can be built. There has been a wealth of intellectual property developed in the biotech area by universities, government institutions and others, all of which are available for licensing. Individual pieces of technology, while not enabling on their own, can in aggregate create a technology platform that will provide the proper foundation to transform us into a leading edge company with high market value added. The plan is preferred against trying to acquire an existing biotech company, which (even if available) would come at extremely high multiples. Our goal is to create intrinsic value. Hiring expertise to build this core competency, although a critical issue, is not anticipated to be difficult. Universities are graduating numerous students trained in "molecular biology" and experienced individuals are usually keen to "participate" in a new business opportunity.

Laboratory Automation/Leveraging Skills in Robotics.

Biotech and pharmaceutical companies have a pressing need for higher productivity research. The pharmaceutical industry has a drug problem - they can't find enough new ones. Traditional methods of drug discovery are becoming ineffective, cost too much and produce too little. Re-tooling is needed to enable companies to screen thousands of potential drug molecules per day. Other industries are also in need of improved ways of zeroing in on high growth products and technologies, i.e., chemical, aerospace, transportation, telecommunication and information technology sectors. Personalized medicines are expected to prevail and in order for pharmaceutical companies to be successful in the future, they must have the ability to understand the genome and the proteome and pick the right targets by understanding molecular medicine. The above issues have resulted in a key requirement for "high throughput screening" - faster ways in which to conduct experimentation, gather, analyze and manage data. Biotech companies and other industry sectors conducting new product research will find it difficult to compete without improvements in productivity. Robotics are necessary tools to support future research.

Research and Development.

In 2003, we expended $18,087 for research and development. From January 1, 2004, to December 31, 2004, we expended $12,318 for research and development.

Employees.

Our Company employs eight full time employees and two part time employees.

Effect of Existing or Probable Governmental Regulations on Business.

Small Business Issuer.

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; provided, however, an entity is not a small business issuer if it has a public float (the aggregate market value of the issuer's outstanding securities held by non-affiliates) of $25,000,000 or more. Our Company is deemed to be 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 small business issuers to have access to the public capital markets.

Sarbanes-Oxley Act.

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). The Sarbanes-Oxley Act imposes a wide variety of new regulatory requirements on publicly-held companies and their insiders. Many of these requirements will affect our Company. For example:

* Our chief executive officer and chief financial officer must now certify the accuracy of all of the periodic reports that contain financial statements;

* Our periodic reports must disclose the conclusions about the effectiveness of the disclosure controls and procedures; and

* We may not make any loan to any director or executive officer, and we may not materially modify any existing loans.

The Sarbanes-Oxley Act has required us to review the current procedures and policies to determine whether they comply with the Sarbanes-Oxley Act and the new regulations promulgated thereunder. Our Company will continue to monitor compliance with all future regulations that are adopted under the Sarbanes-Oxley Act and will take whatever actions are necessary to ensure that we are in compliance.

Penny Stock.

Our Company's common stock is "penny stock" as defined in Rule 3a51-1 of the Securities and Exchange Commission. Penny stocks are stocks:

* with a price of less than five dollars per share;

* that are not traded on a "recognized" national exchange;

* whose prices are not quoted on the NASDAQ automated quotation system; or

* in issuers with net tangible assets less than $2,000,000, if the issuer has been in continuous operation for at least three years, or $5,000,000, if in continuous operation for less than three years, or with average revenues of less than $6,000,000 for the last three years.

Section 15(g) of the Exchange Act and Rule 15g-2 of the Securities and Exchange Commission require broker/dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before making any transaction in a penny stock for the investor's account. You are urged to obtain and read this disclosure carefully before purchasing any of the shares.

Rule 15g-9 of the Securities and Exchange Commission requires broker/dealers in penny stocks to approve the account of any investor for transactions in these stocks before selling any penny stock to that investor. This procedure requires the broker/dealer to:

* get information about the investor's financial situation, investment experience and investment goals;

* reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor can evaluate the risks of penny stock transactions;

* provide the investor with a written statement setting forth the basis on which the broker/dealer made his or her determination; and

* receive a signed and dated copy of the statement from the investor, confirming that it accurately reflects the investor' financial situation, investment experience and investment goals.

Compliance with these requirements may make it harder for the Company's stockholders to resell their shares.

Reporting Obligations.

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 the 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 Company's stockholders.

Our Company is 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.

Governmental Approvals.

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

Item 2. Description of Property.

Facilities.

Ogden, Utah - This facility is a manufacturing and office facility with 2,552 square feet of space; our Company rents this facility on a month to month basis at $1,688 per month.

Union City, California - This facility is also a manufacturing and office facility with 3,936 square feet of space; our Company leases this facility at $2,990 per month with the lease term expiring July 31, 2005.

Mountain View, California - This facility is office space only with 1,870 square feet of space; our Company leases this facility at $1,738 per month with the lease term expiring July 31, 2005.

Item 3. Legal Proceedings.

There are no material legal proceedings pending against or involving our Company; and none of its directors, executive officers or 10% stockholders is party to any action adverse to our Company.

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

No matter was submitted to a vote of our Company's security holders during the fourth quarter of the calendar year covered by this Annual Report.

PART II

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

The common stock of our Company is quoted on the OTC Bulletin Board of the National Association of Securities Dealers, Inc. (the "NASD")under the symbol "COLH." Our Company intends to seek a new symbol in the near future that reflects our current name.

Market Prices and Bid Information for Common Stock.

The following table sets forth, for the periods indicated, the high and low bid information for our Company's common stock on the OTC Bulletin

Board for the two years ended December 31, 2004:

Calender Year	Quarterly Period	High	Low
2004:	First Quarter	$0.18	$0.15
	Second Quarter	0.20	0.18
	Third Quarter	0.20	0.20
	Fourth Quarter	0.25	0.20
2003:	First Quarter	$0.10	$0.10
	Second Quarter	0.11	0.10
	Third Quarter	0.11	0.11
	Fourth Quarter	0.11	0.11

The high and low bid information respecting the quotations of our Company's common stock on the OTC Bulletin Board was provided by the National Quotations Bureau, LLC, and reflects inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

Holders.

The number of record holders of our Company's common stock as of March 29, 2005, was approximately 58; this number does not include an indeterminate number of stockholders whose shares may be held by brokers in street name.

Purchases of Equity Securities by Us and Affiliated Purchasers.

There were no purchases of our equity securities by us or any affiliated purchasers during the calendar year ended December 31, 2004.

Dividends.

Our Company has not declared any cash dividends with respect to the common stock, and does not intend to declare dividends in the foreseeable future. The present intention of management is to utilize all available funds for the development of our Company's business. There are no material restrictions limiting, or that are likely to limit, our Company's ability to pay dividends on the common stock.

Recent Sales of Restricted Securities; Use of Proceeds of Registered Securities.

*Common Stock.

The only common stock that comprised "restricted securities" issued by our Company during the past three years were issued pursuant to the "Reflect California Agreement" whereby we acquired Reflect California on December 31, 2004. See our 8-K Current Report dated December 31, 2004, filed with the Securities and Exchange Commission on January 15, 2004, and which is incorporated herein by reference. The following indicates the number of shares of Reflect California common stock exchanged for shares of common stock of our Company.

Number of Shares Number of Shares of

Name and Address	Owned of Reflect California	Our Common Stock Received in Exchange
Kim Boyce 970 Terra Bella Avenue Mountain View, CA 94043	8,171	18,723,250
Michael Dancy Suite 205 455 East 500 South Street Salt Lake City, Utah 84111	43.6	100,000
Diversified Instruments, LLC 528 14th Avenue Salt Lake City, Utah 84103	733.8	1,681,500
David Nelson Suite 200 455 East 500 South Street Salt Lake City, Utah 84111	43.6	100,000
SCS, Inc. Suite 200 455 East 500 South Street Salt Lake City, Utah 84111	1,008	2,310,199
Totals:	10,000	22,914,949

*2004 Convertible Preferred Stock.

Subsequent to the year ended December 31, 2004, we sold 436,000 shares of our 2004 Series A Convertible Preferred Stock at an offering price of $1.00 per share to 22 persons who were "accredited investors" as that term in defined in Regulation D of the Securities and Exchange Commission.

* We issued all of these securities to persons who were either "accredited investors," or "sophisticated investors" who, by reason of education, business acumen, experience or other factors, were fully capable of evaluating the risks and merits of an investment in our company; and each had prior access to all material information about us. We believe that the offer and sale of these securities were exempt from the registration requirements of the Securities Act, pursuant to Sections 4(2) and 4(6) thereof, and Rule 506 of Regulation D of the Securities and Exchange Commission and from various similar state exemptions.

Use of Proceeds of Registered Securities.

There were no proceeds received during the calendar year ended December 31, 2004, from the sale of registered securities.

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

Plan of Operations.

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.

Also see the heading "Growth Plan" of the heading "Business" of Part I, Item 1.

Results of Operations.

Our revenues increased during the year ended December 31, 2004, to $2,103,339, from $1,928,663 for the year ended December 31, 2003, primarily as a result of a general improvement in sales across most product lines, due to improving market conditions.

Our cost of goods increased in the period ending December 31, 2004, as compared to December 31, 2003, to $1,281,529 from $1,213,889. The difference was partly as a result of a write off of obsolete inventory and increased sales. The percentage on gross margins for the two years was essentially unchanged.

General and administrative expenses decreased to $220,931 during the year ended December 31, 2004, from $231,122 during the year ended December 31, 2003. This was due to a decrease in research and development and benefits.

Liquidity and Capital Resources.

Our cash resources at December 31, 2004, were $80,739, with accounts receivable of $281,173. We have relied on revenues and lines of credit for our cash resources. At December 31, 2004, we had utilized $269,036 of our $400,000 line of credit. These funds should be adequate for the next 12 months for continuing operations; however, plans for expansion will require additional capital of between $500,000 and $750,000. Of this amount, $436,000 was raised from the sale of 436,000 shares of our 2004 Series A Convertible Preferred Stock during the first quarter of 2005.

Forward-Looking Statements.

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

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

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

Item 7. Financial Statements.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

C O N T E N T S

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders of
Reflect Scientific, Inc. and Subsidiary
Mountain View, California

We have audited the accompanying consolidated balance sheet of Reflect Scientific, Inc. and Subsidiary as of December 31, 2004, and the related consolidated statements of operations, stockholder's equity and cash flows for the years ended December 31, 2004 and 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Reflect Scientific, Inc. and Subsidiary as of December 31, 2004, and the results of their operations and their cash flows for the years ended December 31, 2004 and 2003 in conformity with accounting principles generally accepted in the United States of America.

HJ Associates & Consultants, LLP
Salt Lake City, Utah
March 18, 2005

REFLECT SCIENTIFIC, INC. AND SUBSIDIARY
Consolidated Balance Sheet

ASSETS

	December 31, 2004
CURRENT ASSETS	
Cash	$ 80,739
Accounts receivable (Note 2)	281,173
Inventory (Note 4)	260,012
Prepaid assets	800
Total Current Assets	622,724
FIXED ASSETS, NET (Note 3)	24,249
OTHER ASSETS	
Deposits	5,350
Capitalized loan costs (Note 2)	5,600
Total Other Assets	10,950
TOTAL ASSETS	$ 657,923

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

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REFLECT SCIENTIFIC, INC. AND SUBSIDIARY
Consolidated Balance Sheet (Continued)

LIABILITIES AND SHAREHOLDER'S EQUITY

	December 31, 2004
CURRENT LIABILITIES	
Accounts payable	$ 131,610
Accrued expenses	23,955
Income taxes payable	30,705
Total Current Liabilities	186,270
NON-CURRENT LIABILITIES	
Long term line of credit (Note 5)	269,036
Deferred income taxes	39,000
Total Non-Current Liabilities	308,036
Total Liabilities	494,306
COMMITMENTS AND CONTINGENCIES (Note 6)	
SHAREHOLDER'S EQUITY	
Preferred stock, $0.01 par value, authorized 5,000,000 shares; no shares outstanding	-
Common stock, $0.01 par value, authorized 50,000,000 shares; 24,000,000 shares issued and outstanding	240,000
Additional paid in capital (Deficit)	(183,319)
Retained earnings	106,936
Total Shareholder's Equity	163,617
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 657,923

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

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REFLECT SCIENTIFIC, INC. AND SUBSIDIARY
Consolidated Statements of Operations

	For the Years Ended December 31, 2004	2003
REVENUES	$2,103,339	$1,928,663
COST OF GOODS SOLD	1,281,529	1,213,889
GROSS PROFIT	821,810	714,774

OPERATING EXPENSES		
Salaries and wages	368,498	336,899
Payroll taxes	31,277	27,695
Rent expense	76,613	75,701
General and administrative	220,931	231,122
Total Operating Expenses	697,319	671,417
OPERATING INCOME	124,491	43,357
OTHER INCOME (EXPENSES)		
Other income	-	30,000
Interest expense	(12,159)	(14,685)
Total Other Income (Expenses)	(12,159)	15,315
INCOME BEFORE INCOME TAX EXPENSE	112,332	58,672
Income tax expense	69,705	-
NET INCOME	$ 42,627	$ 58,672
EARNINGS PER SHARE	$ 0.00	$ 0.00
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	24,000,000	22,917,922

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

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

	Common Stock		Additional	
	Shares	Amount	Paid-in Capital	Retained Earnings
Balance, December 31, 2002	22,914,949	10,000	-	161,637
Dividend	-	-	-	(156,000)
Contributed Capital	-	-	26,950	-
Recapitalization (Note 1)	1,085,051	230,000	(237,791)	-
Net income for the year ended December 31, 2003	-	-	-	58,672
Balance, December 31, 2003	24,000,000	240,000	(210,841)	64,309
Contributed capital	-	-	27,522	-
Net income for the year ended December 31, 2004	-	-	-	42,627
Balance, December 31, 2004	24,000,000	$ 240,000	$(183,319)	$ 106,936

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

REFLECT SCIENTIFIC, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows

	For the Years Ended December 31, 2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 42,627	$ 58,672
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,883	2,368
Amortization of capitalized loan costs	525	700
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(48,709)	(59,564)
(Increase) decrease in prepaid expenses	-	6,125
(Increase) decrease in net inventory	(49,565)	35,474
Increase (Decrease) in accounts payable and accrued liabilities	10,716	71,135
Net Cash Provided by (Used in) Operating Activities	(41,523)	114,909
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,209)	-
Net Cash Used by Investing Activities	(5,209)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on short term lines of credit	-	(103,049)
Proceeds from long term line of credit	25	101,470
Capital contribution	27,522	26,950
Dividends paid	-	(156,000)
Net Cash Provided (Used) by Financing Activities	27,547	(130,629)
NET INCREASE (DECREASE) IN CASH	(19,185)	(15,720)
CASH AT BEGINNING OF YEAR	99,924	115,644
CASH AT END OF YEAR	$ 80,739	$ 99,924

NON-CASH INVESTING AND FINANCING ACTIVITIES:

Cash Paid For:

Interest	$ 12,159	$ 14,685
Income taxes	$ -	$ -

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

REFLECT SCIENTIFIC, INC. AND SUBSIDIARY
Notes to the Consolidated Financial Statements
December 31, 2004 and 2003

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

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

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

On December 30, 2003, pursuant to an agreement and plan of reorganization, the Company completed a reverse merger with the shareholders of Reflect Scientific, Inc. in which it acquired 100% of Reflect Scientific, Inc., a California Company in exchange for 22,914,949 common shares of the Company. The terms of the acquisition are detailed in an 8-K filing dated December 31, 2003. Under the terms of the agreement, the President of Reflect Scientific, Inc. became the President of the Company and was elected to the Board of Directors, the acquisition was accounted for as a recapitalization of Reflect Scientific, Inc. because the members of Reflect Scientific, Inc. controlled the Company after the acquisition. Reflect Scientific, Inc. was treated as the acquiring entity for accounting purposes and Cole, Inc. was the surviving entity for legal purposes. There was no adjustment to the carrying values of the assets or liabilities of Reflect Scientific, Inc. and no goodwill was recorded. The operations for the year ended December 31, 2004 and 2003 are those of Reflect Scientific, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Method

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

b. Revenue Recognition

The Company recognizes revenues as required by Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements". Revenue is only recognized on product sales once the product has been shipped to the customers (FOB Origin), and all other obligations have been met.

c. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Accounts Receivable

The Company writes off trade receivables when deemed uncollectible. The Company expensed $0 and $11,038 to bad debt expense for the years ended December 31, 2004 and 2003, respectively. The allowance for doubtful accounts balance at December 31, 2004 was $11,038.

e. Inventory

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

f. Capitalized Loan Costs

Capitalized loan costs are related to the origination and maintenance of a note payable that has a balance of $269,036 as of December 31, 2004. These capitalized costs are being amortized on a straight line basis over the term of the related debt. Amortization expense related to these costs was $525 and $700 in 2004, and 2003, respectively.

g. Advertising Expense

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company recognized $4,338 and $3,036 of advertising expense during the years ended December 31, 2004, and 2003, respectively.

h. Newly Issued Accounting Pronouncements

On December 16, 2004 the FASB issued SFAS No. 123), Share-Based Payment, which is an amendment to SFAS No. 123, Accounting for Stock-Based Compensation. This new standard eliminates the ability to account for share-based compensation transactions using Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and generally requires such transactions to be accounted for using a fair-value-based method and the resulting cost recognized in our financial statements. This new standard is effective for awards that are granted, modified or settled in cash in interim and annual periods beginning after June 15, 2005. In addition, this new standard will apply to unvested options granted prior to the effective date. We will adopt this new standard effective for the fourth fiscal quarter of 2005, and have not yet determined what impact this standard will have on our financial position or results of operations.

December 31, 2004 and 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Newly Issued Accounting Pronouncements (Continued)

In November 2004, the FASB issued SFAS No. 151, Inventory Costs - an amendment of ARB No. 43, Chapter 4. This Statement amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB 43, Chapter 4, previously stated that ". . . under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges. . . ." This Statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Management does not believe the adoption of this Statement will have any immediate material impact on the Company.

In December 2004, the FASB issued SFAS No. 152, Accounting for Real Estate Time-sharing Transactions, which amends FASB statement No. 66, Accounting for Sales of Real Estate, to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position (SOP) 04-2, Accounting for Real Estate Time-Sharing Transactions. This statement also amends FASB Statement No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects, to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Management believes the adoption of this Statement will have no impact on the financial statements of the Company.

In December 2004, the FASB issued SFAS No.153, Exchange of Nonmonetary Assets. This Statement addresses the measurement of exchanges of nonmonetary assets. The guidance in APB Opinion No. 29, Accounting for Nonmonetary Transactions, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. This Statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges incurred during fiscal years beginning after the date of this statement is issued. Management believes the adoption of this Statement will have no impact on the financial statements of the Company.

REFLECT SCIENTIFIC, INC. AND SUSIDIARY

Notes to the Consolidated Financial Statements
December 31, 2004 and 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Newly Issued Accounting Pronouncements (Continued)

The implementation of the provisions of these pronouncements are not expected to have a significant effect on the Company's consolidated financial statement presentation.

i. Basic Earnings Per Share

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

	For the Years Ended December 31, 2004	2003
Net Income (Numerator)	$ 42,627	$58,672
Shares (denominator)	24,000,000	22,917,922
Per share amount	$ 0.00	$ 0.00

As of December 31, 2004 and 2003 the Company had no outstanding common stock equivalents, as such the diluted earnings per share and basic earnings per share are the same.

j. Shipping and Handling Fees and Costs

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

k. Income Taxes

The following income tax information relates to Cole, Inc., the surviving entity for tax purposes in the reverse acquisition described in Note 1. Prior to the reverse acquisition, Reflect Scientific was a Subchapter S corporation. All income and expenses were passed through to the Company's shareholder, who was taxed at the individual level based upon his pro rata shares of the Company's net earnings.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Income Taxes (Continued)

The provision (benefit) for income taxes for the year ended December 31, 2004 consist of the following:

		2004
Federal:		
Current	$	20,765
Deferred		-
State:		
Current	$	9,940
Deferred		-
	$	30,705

Net deferred tax assets consist of the following components as of December 31, 2004:

		2004
Deferred tax assets:		
NOL Carryover	$	-
Deferred tax liabilities:		
Depreciation		(39,000)
Valuation allowance		-
Net deferred tax liability	$	(39,000)

The income tax provision differs from the amount of income tax determined by applying the U.S. federal and state income tax rates of 39% to pretax income from continuing operations for the year ended December 31, 2004 due to the following:

		2004
Book income	$	20,427
Meals & Entertainment		3,780
Research & Development		961
Income tax expense		23,380
State taxes		(1,810)
Research credit		(2,464)
Adjustment due to C-Corp conversion		25,431
	$	69,705

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Income Taxes (Continued)

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carryforwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carryforwards may be limited as to use in future years.

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

l. Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary, which is wholly owned. All material intercompany accounts and transactions are eliminated in consolidation.

NOTE 3 - FIXED ASSETS

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

	December 31, 2004
Machinery and equipment	$ 5,685
Furniture and fixtures	25,215
Computer and office equipment	59,180
Leasehold improvements	23,671
Accumulated depreciation	(89,502)
Total Fixed Assets	$ 24,249

Depreciation expense for the years ended December 31, 2004, and 2003, was $2,883 and $2,368, respectively.

NOTE 4 - INVENTORIES

Inventory consisted of the following at December 31, 2004:

	December 31,
Finished goods	260,012
Total Fixed Assets	$ 260,012

NOTE 5 - NOTES PAYABLE AND LINES OF CREDIT

Long term lines of credit consisted of the following at December 31, 2004:

Line of Credit with a maximum amount of $400,000, interest at a variable rate tied to prime (currently 4.25%), interest-only payments due monthly until maturity at September 9, 2011, guaranteed by major shareholder	269,036
Line of Credit with a maximum amount of $30,000, interest accrues at 12.7%, unsecured	-
Line of Credit with a maximum amount of $25,000, interest accrues at 12.37%, unsecured	-
Line of Credit with a maximum amount of $35,000, interest accrues at 10.25%, unsecured	-
Total Lines of Credit	$ 269,036

The future maturities of the lines of credit is presented below:

December 31,	Amount
2005	$ -
2006	-
2007	-
2008	-
2009	-
Thereafter	269,036
Total	$ 269,036

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Operating Lease Obligations

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

NOTE 6 - COMMITMENTS AND CONTINGENCIES (Continued)

Operating Lease Obligations (Continued)

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

Years ending December 31,	Amount
2005	$ 43,762
2006	10,665
2007	5,976
2008	2,100
2009	-

Total	$ 62,503

Rent expense was $76,613 and $69,530 for the years ended December 31, 2004, and 2003, respectively.

Automobile lease expense was $15,170 and $10,375 for the years ended December 31, 2004, and 2003, respectively.

NOTE 7 - PREFERRED STOCK

In November 2004 the Company amended its Articles of Incorporation so as to authorize 5,000,000 shares of preferred stock. 750,000 of these shares have been designated as "Series A Convertible Preferred Stock". The Company plans to offer these shares in a private placement in the future. As of December 31, 2004 no shares of the preferred stock are issued or outstanding.

NOTE 8 - CONCENTRATIONS OF RISK

Cash in Excess of Federally Insured Amount

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

Revenues and Accounts Receivable

The Company has three significant customers that account for $1,854,100 and $1,664,659 or 88% and 86%, of sales for the years ended December 31, 2004, and 2003, respectively. These same three customers also account for $230,247 and $202,094, or 78% and 83%, of the total accounts receivable balance at December 31, 2004, and 2003, respectively.

NOTE 9 - SUBSEQUENT EVENT

During the first quarter of 2005 the Company issued 426,000 shares of its newly authorized preferred stock at $1.00 per share in a private placement.

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Item 8. Change in and Disagreements with Accountants on Accounting and Financial Disclosure.

On January 13, 2004, upon approval of our Company's sole director, we appointed HJ Associates & Consultants LLP as our Company's independent auditors and dismissed Mantyla, McReynolds.

For a detailed discussion of this change, see our 8-K Current Report dated December 31, 2003. See Part III, Item 13.

Item 8(a). Controls and Procedures.

As of the end of the period covered by this Annual Report, we carried out an evaluation, under the supervision and with the participation of our President and Secretary, of the effectiveness of our disclosure controls and procedures. Based on this evaluation, our President and Secretary concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic Securities and Exchange Commission reports. 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 or is reasonably likely to materially affect our internal control over financial reporting.

Item 8(b). Other Information.

On January 17, 2005, we accepted the resignation of Pamela Boyce our Secretary/Treasurer, for personal reasons. The Company elected Tom Tait and Craig D. Morrison, M.D. to serve on the Board of Directors and Tom Tait to serve as its Vice President and Kevin Cooksy as Secretary/Treasurer, to serve until the next annual meeting of shareholders and Board of Directors. See our 8-K Current Report dated January 17, 2005, filed with the Securities and Exchange Commission on January 18, 2005, and which is incorporated herein by reference. See Part III, Item 13.

PART III

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

Directors and Executive Officers of the Company.

The following table sets forth certain information concerning the directors and executive officers of our Company.

Officer/ Director Name	Age	Position	Since
Kim Boyce	50	President and Sole Director	12/31/03
Pamela Boyce*	51	Secretary	12/31/03

* Pamela Boyce resigned as our Secretary and certain other persons were designated to serve as directors and executive officers of our Company on January 17, 2005. See Part II, Item 8(b) above.

Family Relationships.

There are no family relationships between any of our current directors and executive officers, following the resignation of Pamela Boyce as our Secretary on January 17, 2005. Se Part II, Item 8(b) above.

Audit Committee Financial Expert.

Our Company does not have an audit committee or an audit committee financial expert. Our Company does not believe, based upon its present operations, that the failure to have such a committee or expert is material to the financial statements of our Company.

Resumes of Directors and Executive Officers.

The principal occupations of the executive officers and directors named above for at least the past five years are as follows:

Kim Boyce. Mr. Boyce is the founder of Reflect California and serves as President, Chief Executive Officer and Chairman of the Board of Directors of our Company. Mr. Boyce has 31 years of experience in manufacturing; sales, distribution and management of scientific products related 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 California's renowned Silicon Valley. In addition to his noteworthy experience in high growth companies, Mr. Boyce brings unparalleled leadership skills and profound understanding of startup entity management. Mr. Boyce attended West Valley College in Santa Clara, California and DeAnza College in San Jose, California.

Pamela Boyce. Mrs. Boyce has been the Purchasing/ Business Manager for Reflect California for the past five years. She has been involved in procurement, inventory control, payroll and the manufacturing aspects of the Mountain View, California, Union City, California and Ogden, Utah business locations. She has served as secretary of Reflect California since 2000. She has 20 years of business and management experience. Her responsibilities have included purchasing, payroll, accounting and she has been involved with district and in-house audit teams for a worldwide retail chain. She was also the co-founder of a regional aviation company. Mrs. Boyce attended Fresno City College in Fresno, California.

Section 16(a) Beneficial Reporting Compliance.

Section 16(a) of the Exchange Act requires that our Company's executive officers and directors, and persons who beneficially own more than 10% of our Company's Common Stock, file initial reports of stock ownership and reports of changes in stock ownership with the Securities and Exchange Commission. Officers, directors, and greater than 10% owners are required by applicable regulations to furnish our Company with copies of all Section 16(a) forms that they file.

Based solely on a review of the copies of such forms furnished to our Company or written representations from certain persons, our Company believes that during our calendar year ended December 31, 2004, all filing requirements applicable to our officers, directors and ten-percent were met by such persons.

Code of Ethics.

Our Company has adopted a Code of Ethics that applies to all of the Company's directors and executive officers serving in any capacity for the Company, including its principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions, which Code of Ethics was attached to our Form 10-KSB Annual Report for the year ended December 31, 2003. See Part III, Item 13.

Item 10. Executive Compensation.

Compensation of Executive Officers.

The following table sets forth information concerning all cash compensation paid by our Company for services in all capacities to our Company's Principal Executive Officer during the two-year period ended

December 31, 2004. Our Company has no other officers whose total cash compensation exceeded $100,000 for the year. Our Company has no plans that will require our Company to contribute to or to provide pension, retirement or similar benefits to directors or officers of our Company.

Summary Compensation Table

		Annual Compensation			Long Term Compensation Awards		Payouts	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(I)
Name and Principal Position	Year or Period Ended	Salary ($)	Bonus ($)	Other Annual Compen-	Rest-ricted Stock	Secur-ities Under-lying Options	All LTIP Pay-outs	Other Comp-ensat'n
Kim Boyce	12/31/04	$108,132	0	0	0	0	0	0
	12/31/03	$ 87,698	0	0	0	0	0	0
Pamela Boyce	12/31/04	$ 53,362	0	0	0	0	0	0
	12/31/03	$ 52,611	0	0	0	0	0	0

Options Grants in Last Calender Year.

Our Company granted no options or warrants during the calendar years ended December 31, 2004 and 2003.

Compensation of Directors.

There are no standard arrangements pursuant to which our Company's directors are compensated for any services provided as director. No additional amounts are payable to our Company's directors for committee participation or special assignments.

Termination of Employment and Change of Control Arrangement.

There are no employment contracts, compensatory plans or arrangements, including payments to be received from our Company, with respect to any director or executive officer of our Company which would in any way result in payments to any such person because of his or her resignation, retirement or other termination of employment with our Company, any change in control of our Company, or a change in the person's responsibilities following a change in control of our Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth the share holdings of those persons who own more than five percent of our Company's common stock as of the date of March 28, 2005:

Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common	SCS, Inc. 455 East 500 South #200	2,335,000	9.7%

Salt lake City, Utah 84111

Security Ownership of Management.

The following table sets forth the share holdings of our Company's directors and executive officers as of March 29, 2005:

Name and Address	Percentage of Class	Number of Shares Beneficially Owned	
Kim Boyce	President and Sole Director	18,723,250	78.0%
Pamela Boyce	Secretary	-0-	0.0%
All Directors and Executive Officers as a group (two persons)		18,723,250	78.0%

Item 12. Certain Relationships and Related Transactions.

Transactions with Management and Others.

There have been no material transactions, series of similar transactions or currently proposed transactions, to which our Company or any of our subsidiaries was or is to be a party, in which the amount involved exceeds $60,000 and in which any director or executive officer, or any security holder who is known to our Company to own of record or beneficially more than five percent of our Company's common stock, or any member of the immediate family of any of the foregoing persons, had a material interest.

Certain Business Relationships.

There have been no material transactions, series of similar transactions or currently proposed transactions, to which our Company or any of our subsidiaries was or is to be a party, in which the amount involved exceeds $60,000 and in which any director or executive officer, or any security holder who is known to our Company to own of record or beneficially more than five percent of our Company's common stock, or any member of the immediate family of any of the foregoing persons, had a material interest.

Indebtedness of Management.

There have been no material transactions, series of similar transactions or currently proposed transactions, to which our Company or any of our subsidiaries was or is to be a party, in which the amount involved exceeds $60,000 and in which any director or executive officer, or any security holder who is known to our Company to own of record or beneficially more than five percent of our Company's common stock, or any member of the immediate family of any of the foregoing persons, had a material interest.

Parents of the Issuer.

None; however Kim Boyce may be deemed to be our Company's "Parent" by virtue of his substantial shareholdings in our Company.

Transactions with Promoters.

There have been no material transactions, series of similar transactions, currently proposed transactions, or series of similar transactions, to which our Company or any of our subsidiaries was or is to be a party, in which the amount involved exceeds $60,000 and in which any promoter or founder, or any member of the immediate family of any of the foregoing persons, had a material interest.

Item 13. Exhibits and Reports on Form 8-K

(a) The following Exhibits are attached hereto or incorporated herein by reference as indicated in the table below:

Exhibit No.	Title of Document	Location if other than attached hereto
21	Subsidiaries of the Company	
31.1	302 Certification	
32	906 Certification	
8-K Current Report dated January 17, 2005.		Part II*
8-K Current Report dated December 31, 2004.		Part I*
Annual Report on Form 10KSB for the year ended December 31, 2003.		Part I*

*Incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The following is a summary of the fees billed to us by our principal accountants during the fiscal years ended December 31, 2004 and 2003:

Fee category	2004	2003
Audit fees	$6,046	$1,692
Audit-related fees	$ 0	$ 850
Tax fees	$ 250	$ 175
All other fees	$ 0	$ 0
Total fees	$6,296	$2,717

Audit fees. Consists of fees for professional services rendered by our principal accountants for the audit of our annual financial statements and the review of financial statements included in our Forms 10-QSB Quarterly Reports or services that are normally provided by our principal accountants in connection with statutory and regulatory filings or engagements.

Audit-related fees. Consists of fees for assurance and related services by our principal accountants that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees."

Tax fees. Consists of fees for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning.

All other fees. Consists of fees for products and services provided by our principal accountants, other than the services reported under "Audit fees," "Audit-related fees" and "Tax fees" above.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Company has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REFLECT SCIENTIFIC, INC.

Date: 03/31/05

/s/ KIM BOYCE

Kim Boyce, President