

DEUTSCHE BANK AKTIENGESELLSCHAFT
Form 424B2
October 04, 2017

Pricing Supplement No. 2931B

To underlying supplement No. 1 dated August 17, 2015, **Registration Statement No. 333-206013**

product supplement B dated July 31, 2015, **Rule 424(b)(2)**

prospectus supplement dated July 31, 2015 and

prospectus dated April 27, 2016

The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement and the accompanying underlying supplement, product supplement, prospectus supplement and prospectus do not constitute an offer to sell nor do they seek an offer to buy the securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated October 4, 2017

\$ Capped Buffered Underlying Securities (BUyS) Linked to the S&P 500® Index due October 9, 2019

General

The Capped Buffered Underlying Securities (BUyS) Linked to the S&P 500® Index due October 9, 2019 (the “**securities**”) are designed for investors who seek a return at maturity of 125.00% of any increase in the level of the S&P 500® Index (the “**Underlying**”), up to the Maximum Return of 20.63%. If the Final Level is *less than* the Initial Level by an amount *not greater than* the Buffer Amount of 17.50%, investors will receive a cash payment at maturity equal to the Face Amount per \$1,000 Face Amount of securities. However, if the Final Level is *less than* the Initial Level by an amount *greater than* the Buffer Amount, for each \$1,000 Face Amount of securities, investors will lose 1.2121% of the Face Amount for every 1.00% by which the Final Level is less than the Initial Level by an amount greater than the Buffer Amount. The securities do not pay any coupons or dividends and investors should be willing to lose some or all of their investment if the Final Level is less than the Initial Level by an amount greater than the Buffer Amount. Any payment on the securities is subject to the credit of the Issuer.

Senior unsecured obligations of Deutsche Bank AG due October 9, 2019

Minimum purchase of \$1,000. Minimum denominations of \$1,000 (the “**Face Amount**”) and integral multiples thereof.

The securities are expected to price on or about October 4, 2017 (the “**Trade Date**”) and are expected to settle on or about October 10, 2017 (the “**Settlement Date**”).

Key Terms

Issuer: Deutsche Bank AG, London Branch
Underlying: S&P 500® Index (Ticker: SPX)
Issue Price: 100% of the Face Amount
Payment at Maturity: • **If the Final Level is greater than or equal to the Initial Level**, you will receive a cash payment at maturity per \$1,000 Face Amount of securities calculated as follows:

$$\$1,000 + [\$1,000 \times (\text{the lesser of (i) Underlying Return} \times \text{Upside Leverage Factor and (ii) Maximum Return})]$$

• **If the Final Level is less than the Initial Level by an amount not greater than the Buffer Amount**, you will receive a cash payment at maturity equal to the Face Amount per \$1,000 Face Amount of securities.

• If the Final Level is less than the Initial Level by an amount greater than the Buffer Amount, you will receive a cash payment at maturity per \$1,000 Face Amount of securities calculated as follows:

$$\$1,000 + [\$1,000 \times (\text{Underlying Return} + \text{Buffer Amount}) \times \text{Downside Participation Factor}]$$

If the Final Level is less than the Initial Level by an amount greater than the Buffer Amount, for each \$1,000 Face Amount of securities, you will lose 1.2121% of the Face Amount for every 1.00% by which the Final Level is less than the Initial Level by an amount greater than the Buffer Amount. In this circumstance, you will lose some or all of your investment at maturity. Any payment at maturity is subject to the credit of the Issuer.

(Key Terms continued on next page)

Investing in the securities involves a number of risks. See “Risk Factors” beginning on page 7 of the accompanying product supplement, page PS-5 of the accompanying prospectus supplement and page 13 of the accompanying prospectus and “Selected Risk Considerations” beginning on page PS-9 of this pricing supplement.

The Issuer’s estimated value of the securities on the Trade Date is approximately \$972.80 to \$992.80 per \$1,000 Face Amount of securities, which is less than the Issue Price. Please see “Issuer’s Estimated Value of the Securities” on page PS-3 of this pricing supplement for additional information.

By acquiring the securities, you will be bound by and deemed irrevocably to consent to the imposition of any Resolution Measure (as defined below) by the competent resolution authority, which may include the write down of all, or a portion, of any payment on the securities or the conversion of the securities into ordinary shares or other instruments of ownership. If any Resolution Measure becomes applicable to us, you may lose some or all of your investment in the securities. Please see “Resolution Measures and Deemed Agreement” on

page PS-4 of this pricing supplement for more information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities or passed upon the accuracy or the adequacy of this pricing supplement or the accompanying underlying supplement, product supplement, prospectus supplement or prospectus. Any representation to the contrary is a criminal offense.

	Price to Public	Discounts and Commissions ⁽¹⁾	Proceeds to Us
Per Security	\$1,000.00	\$0.00	\$1,000.00
Total	\$	\$	\$

For more detailed information about discounts and commissions, please see “Supplemental Plan of Distribution (Conflicts of Interest)” in this pricing supplement. Deutsche Bank Securities Inc. (“**DBSI**”), acting as agent for ⁽¹⁾Deutsche Bank AG, will not receive a selling concession in connection with the sale of the securities. Investors that purchase and hold the securities in fee-based advisory accounts may be charged fees based on the amount of assets held in those accounts, including the securities.

The agent for this offering is our affiliate. For more information, please see “Supplemental Plan of Distribution (Conflicts of Interest)” in this pricing supplement.

The securities are not deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other U.S. or foreign governmental agency or instrumentality.

Deutsche Bank Securities

October , 2017

(Key Terms continued from previous page)

The performance of the Underlying from the Initial Level to the Final Level, calculated as follows:

Underlying Return:
$$\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}}$$

The Underlying Return may be positive, zero or negative.

Initial Level: 2,534.58, the closing level of the Underlying on October 3, 2017. **The Initial Level is *not* the closing level of the Underlying on the Trade Date.**

Final Level: The closing level of the Underlying on the Final Valuation Date

Buffer Amount: 17.50%

Upside Leverage Factor: 125.00%

Downside Participation Factor: 121.21%

Maximum Return: 20.63%

Trade Date²: October 4, 2017

Settlement Date²: October 10, 2017

Final Valuation Date^{1, 2}: October 4, 2019

Maturity Date^{1, 2}: October 9, 2019

Listing: The securities will not be listed on any securities exchange.

CUSIP / ISIN: 25155MEL1 / US25155MEL19

¹ Subject to adjustment as described under “Description of Securities — Adjustments to Valuation Dates and Payment Dates” in the accompanying product supplement.

² In the event that we make any changes to the expected Trade Date or Settlement Date, the Final Valuation Date and Maturity Date may be changed so that the stated term of the securities remains the same.

Issuer's Estimated Value of the Securities

The Issuer's estimated value of the securities is equal to the sum of our valuations of the following two components of the securities: (i) a bond and (ii) an embedded derivative(s). The value of the bond component of the securities is calculated based on the present value of the stream of cash payments associated with a conventional bond with a principal amount equal to the Face Amount of securities, discounted at an internal funding rate, which is determined primarily based on our market-based yield curve, adjusted to account for our funding needs and objectives for the period matching the term of the securities. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This difference in funding rate, as well as the agent's commissions, if any, and the estimated cost of hedging our obligations under the securities, reduces the economic terms of the securities to you and is expected to adversely affect the price at which you may be able to sell the securities in any secondary market. The value of the embedded derivative(s) is calculated based on our internal pricing models using relevant parameter inputs such as expected interest and dividend rates and mid-market levels of price and volatility of the assets underlying the securities or any futures, options or swaps related to such underlying assets. Our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect.

The Issuer's estimated value of the securities on the Trade Date (as disclosed on the cover of this pricing supplement) is less than the Issue Price of the securities. The difference between the Issue Price and the Issuer's estimated value of the securities on the Trade Date is due to the inclusion in the Issue Price of the agent's commissions, if any, and the cost of hedging our obligations under the securities through one or more of our affiliates. Such hedging cost includes our or our affiliates' expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge.

The Issuer's estimated value of the securities on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your securities in the secondary market at any time. Assuming no changes in market conditions or our creditworthiness and other relevant factors, the price, if any, at which we or our affiliates would be willing to purchase the securities from you in secondary market transactions, if at all, would generally be lower than both the Issue Price and the Issuer's estimated value of the securities on the Trade Date. Our purchase price, if any, in secondary market transactions will be based on the estimated value of the securities determined by reference to (i) the then-prevailing internal funding rate (adjusted by a spread) or another appropriate measure of our cost of funds and (ii) our pricing models at that time, less a bid spread determined after taking into account the size of the repurchase, the nature of the assets underlying the securities and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our securities for use on customer account statements would generally be determined on the same basis. However, during the period of approximately three months beginning from the Trade Date, we or our affiliates may, in our sole discretion, increase the purchase price determined as described above by an amount equal to the declining differential between the Issue Price and the Issuer's estimated value of the securities on the Trade Date, prorated over such period on a straight-line basis, for transactions that are individually and in the aggregate of the expected size for ordinary secondary market repurchases.

Resolution Measures and Deemed Agreement

On May 15, 2014, the European Parliament and the Council of the European Union adopted a directive establishing a framework for the recovery and resolution of credit institutions and investment firms (commonly referred to as the “**Bank Recovery and Resolution Directive**”). The Bank Recovery and Resolution Directive required each member state of the European Union to adopt and publish by December 31, 2014 the laws, regulations and administrative provisions necessary to comply with the Bank Recovery and Resolution Directive. Germany adopted the Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*, or the “**Resolution Act**”), which became effective on January 1, 2015. The Bank Recovery and Resolution Directive and the Resolution Act provided national resolution authorities with a set of resolution powers to intervene in the event that a bank is failing or likely to fail and certain other conditions are met. From January 1, 2016, the power to initiate resolution measures applicable to significant banking groups (such as Deutsche Bank Group) in the European Banking Union has been transferred to the European Single Resolution Board which, based on the European Union regulation establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the “**SRM Regulation**”), works in close cooperation with the European Central Bank, the European Commission and the national resolution authorities. Pursuant to the SRM Regulation, the Resolution Act and other applicable rules and regulations, the securities may be subject to any Resolution Measure by the competent resolution authority if we become, or are deemed by the competent supervisory authority to have become, “non-viable” (as defined under the then applicable law) and are unable to continue our regulated banking activities without a Resolution Measure becoming applicable to us. By acquiring the securities, you will be bound by and deemed irrevocably to consent to the provisions set forth in the accompanying prospectus, which we have summarized below.

By acquiring the securities, you will be bound by and deemed irrevocably to consent to the imposition of any Resolution Measure by the competent resolution authority. Under the relevant resolution laws and regulations as applicable to us from time to time, the securities may be subject to the powers exercised by the competent resolution authority to: (i) write down, including to zero, any payment (or delivery obligations) on the securities; (ii) convert the securities into ordinary shares of (a) the Issuer, (b) any group entity or (c) any bridge bank or other instruments of ownership of such entities qualifying as common equity tier 1 capital; and/or (iii) apply any other resolution measure including, but not limited to, any transfer of the securities to another entity, the amendment, modification or variation of the terms and conditions of the securities or the cancellation of the securities. We refer to each of these measures as a “**Resolution Measure**.” A “group entity” refers to an entity that is included in the corporate group subject to a Resolution Measure. A “bridge bank” refers to a newly chartered German bank that would receive some or all of our assets, liabilities and material contracts, including those attributable to our branches and subsidiaries, in a resolution proceeding.

Furthermore, by acquiring the securities, you:

are deemed irrevocably to have agreed, and you will agree: (i) to be bound by, to acknowledge and to accept any Resolution Measure and any amendment, modification or variation of the terms and conditions of the securities to give effect to any Resolution Measure; (ii) that you will have no claim or other right against us arising out of any

Resolution Measure; and (iii) that the imposition of any Resolution Measure will not constitute a default or an event of default under the securities, under the senior indenture dated November 22, 2006 among us, Law Debenture Trust Company of New York, as trustee, and Deutsche Bank Trust Company Americas, as issuing agent, paying agent, authenticating agent and registrar, as amended and supplemented from time to time (the “**Indenture**”), or for the purposes of, but only to the fullest extent permitted by, the Trust Indenture Act of 1939, as amended (the “**Trust Indenture Act**”);

waive, to the fullest extent permitted by the Trust Indenture Act and applicable law, any and all claims against the trustee and the paying agent, the issuing agent and the registrar (each, an “**indenture agent**”) for, agree not to initiate a suit against the trustee or the indenture agents in respect of, and agree that the trustee and the indenture agents will not be liable for, any action that the trustee or the indenture agents take, or abstain from taking, in either case in accordance with the imposition of a Resolution Measure by the competent resolution authority with respect to the securities; and

- will be deemed irrevocably to have: (i) consented to the imposition of any Resolution Measure as it may be imposed without any prior notice by the competent resolution authority of its decision to exercise such power with respect to the securities; (ii) authorized, directed and requested The Depository Trust

Company (“**DTC**”) and any direct participant in DTC or other intermediary through which you hold such securities to take any and all necessary action, if required, to implement the imposition of any Resolution Measure with respect to the securities as it may be imposed, without any further action or direction on your part or on the part of the trustee or the indenture agents; and (iii) acknowledged and accepted that the Resolution Measure provisions described herein and in the “Resolution Measures” section of the accompanying prospectus are exhaustive on the matters described herein and therein to the exclusion of any other agreements, arrangements or understandings between you and the Issuer relating to the terms and conditions of the securities.

This is only a summary, for more information please see the accompanying prospectus dated April 27, 2016, including the risk factors beginning on page 13 of such prospectus.

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Additional Terms Specific to the Securities

You should read this pricing supplement together with underlying supplement No. 1 dated August 17, 2015, product supplement B dated July 31, 2015, the prospectus supplement dated July 31, 2015 relating to our Series A global notes of which these securities are a part and the prospectus dated April 27, 2016. Delaware Trust Company, which acquired the corporate trust business of Law Debenture Trust Company of New York, is the successor trustee of the securities. When you read the accompanying underlying supplement, product supplement and prospectus supplement, please note that all references in such supplements to the prospectus dated July 31, 2015, or to any sections therein, should refer instead to the accompanying prospectus dated April 27, 2016 or to the corresponding sections of such prospectus, as applicable, unless otherwise specified or the context otherwise requires. You may access these documents on the website of the Securities and Exchange Commission (the “SEC”) at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Underlying supplement No. 1 dated August 17, 2015:

http://www.sec.gov/Archives/edgar/data/1159508/000095010315006546/crt_dp58829-424b2.pdf

- Product supplement B dated July 31, 2015:

http://www.sec.gov/Archives/edgar/data/1159508/000095010315006059/crt_dp58181-424b2.pdf

- Prospectus supplement dated July 31, 2015:

http://www.sec.gov/Archives/edgar/data/1159508/000095010315006048/crt-dp58161_424b2.pdf

- Prospectus dated April 27, 2016:

<https://www.sec.gov/Archives/edgar/data/1159508/000119312516559607/d181910d424b21.pdf>

Our Central Index Key, or CIK, on the SEC website is 0001159508. As used in this pricing supplement, “we,” “us” or “our” refers to Deutsche Bank AG, including, as the context requires, acting through one of its branches.

This pricing supplement, together with the documents listed above, contains the terms of the securities and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or

other educational materials of ours. You should carefully consider, among other things, the matters set forth in this pricing supplement and in “Risk Factors” in the accompanying product supplement, prospectus supplement and prospectus, as the securities involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before deciding to invest in the securities.

You may revoke your offer to purchase the securities at any time prior to the time at which we accept such offer by notifying the applicable agent. We reserve the right to change the terms of, or reject any offer to purchase, the securities prior to their issuance. We will notify you in the event of any changes to the terms of the securities and you will be asked to accept such changes in connection with your purchase of any securities. You may choose to reject such changes, in which case we may reject your offer to purchase the securities.

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Hypothetical Examples

The following table illustrates a range of hypothetical payments at maturity on the securities. The table and the hypothetical examples below reflect the Maximum Return of 20.63%, the Upside Leverage Factor of 125.00%, the Downside Participation Factor of 121.21% and the Buffer Amount of 17.50%. The table and hypothetical examples set forth below are for illustrative purposes only. The actual return applicable to a purchaser of the securities will be based on the Underlying Return, determined using the closing level of the Underlying on the Final Valuation Date. The numbers appearing in the table and hypothetical examples below may have been rounded for ease of analysis. You should consider carefully whether the securities are suitable to your investment goals.

<i>Hypothetical Underlying Return</i> (%)	<i>Hypothetical Payment at Maturity</i> (\$)	<i>Hypothetical Return on the Securities</i> (%)
100.00%	\$1,206.30	20.63%
75.00%	\$1,206.30	20.63%
50.00%	\$1,206.30	20.63%
40.00%	\$1,206.30	20.63%
30.00%	\$1,206.30	20.63%
20.00%	\$1,206.30	20.63%
16.50%	\$1,206.30	20.63%
15.00%	\$1,187.50	18.75%
10.00%	\$1,125.00	12.50%
5.00%	\$1,062.50	6.25%
0.00%	\$1,000.00	0.00%
-5.00%	\$1,000.00	0.00%
-10.00%	\$1,000.00	0.00%
-15.00%	\$1,000.00	0.00%
-17.50%	\$1,000.00	0.00%
-18.00%	\$993.94	-0.61%
-20.00%	\$969.70	-3.03%
-30.00%	\$848.48	-15.15%
-40.00%	\$727.27	-27.27%
-50.00%	\$606.06	-39.39%
-75.00%	\$303.03	-69.70%
-100.00%	\$0.00	-100.00%

Hypothetical Examples of Amounts Payable at Maturity

The following hypothetical examples illustrate how the payments on the securities at maturity set forth in the table above are calculated.

Example 1: The Final Level is *greater than* the Initial Level, resulting in an Underlying Return of 30.00%.

Because the Final Level is greater than the Initial Level and the Underlying Return multiplied by the Upside Leverage Factor is greater than the Maximum Return, the investor receives a Payment at Maturity of \$1,206.30 per \$1,000 Face Amount of securities, the maximum payment on the securities, calculated as follows:

$$\$1,000 + [\$1,000 \times (\text{the } \textit{lesser of} \text{ (i) Underlying Return} \times \text{Upside Leverage Factor and (ii) Maximum Return})]$$

$$\$1,000 + (\$1,000 \times 20.63\%) = \$1,206.30$$

Example 2: The Final Level is *greater than* the Initial Level, resulting in an Underlying Return of 5.00%.

Because the Final Level is greater than the Initial Level and the Underlying Return multiplied by the Upside Leverage Factor is less than the Maximum Return, the investor receives a Payment at Maturity of \$1,062.50 per \$1,000 Face Amount of securities, calculated as follows:

$$\$1,000 + [\$1,000 \times (\text{the } \textit{lesser of} \text{ (i) Underlying Return} \times \text{Upside Leverage Factor and (ii) Maximum Return})]$$

$$\$1,000 + (\$1,000 \times 5.00\% \times 125.00\%) = \$1,062.50$$

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Example 3: The Final Level is *less than* the Initial Level by an amount *not greater than* the Buffer Amount, resulting in an Underlying Return of -5.00%. Because the Final Level is less than the Initial Level by an amount not greater than the Buffer Amount, the investor receives a Payment at Maturity of \$1,000.00 per \$1,000 Face Amount of securities.

Example 4: The Final Level is *less than* the Initial Level by an amount *greater than* the Buffer Amount, resulting in an Underlying Return of -50.00%. Because the Final Level is less than the Initial Level by an amount greater than the Buffer Amount, the investor receives a Payment at Maturity of \$606.06 per \$1,000 Face Amount of securities, calculated as follows:

$$\$1,000 + [\$1,000 \times (\text{Underlying Return} + \text{Buffer Amount}) \times \text{Downside Participation Factor}]$$

$$\$1,000 + [\$1,000 \times (-50.00\% + 17.50\%) \times 121.21\%] = \$606.06$$

Selected Purchase Considerations

CAPPED APPRECIATION POTENTIAL — The securities provide upside leveraged exposure to any increase in the level of the Underlying up to the Maximum Return of 20.63%. Consequently, the maximum Payment at Maturity is \$1,206.30 for each \$1,000 Face Amount of securities you hold. **Any payment on the securities is subject to our ability to satisfy our obligations as they become due.**

LIMITED PROTECTION AGAINST LOSS — If the Final Level is less than the Initial Level by an amount not greater than the Buffer Amount, you will receive a cash payment at maturity equal to the Face Amount per \$1,000 Face Amount of securities. However, if the Final Level is less than the Initial Level by an amount greater than the Buffer Amount, for each \$1,000 Face Amount of securities, you will lose 1.2121% of the Face Amount for every 1.00% by which the Final Level is less than the Initial Level by an amount greater than the Buffer Amount. In this circumstance, you will lose some or all of your investment in the securities.

RETURN LINKED TO THE PERFORMANCE OF THE S&P 500® INDEX — The return on the securities, which may be positive, zero or negative, is linked to the performance of the S&P 500® Index as described herein. The S&P 500® Index is intended to provide a performance benchmark for the U.S. equity markets. The calculation of the level of the S&P 500® Index is based on the relative value of the aggregate market value of the shares of 500 companies as of a particular time as compared to the aggregate average market value of the shares of 500 similar companies during the base period of the years 1941 through 1943. In addition, as of July 31, 2017, the securities of companies with multiple share class structures are no longer eligible to be added to the S&P 500® Index. This change does not affect securities that were already included in the S&P 500® Index as of July 31, 2017 or any new public company spun off from such a constituent. This is only a summary of the S&P 500® Index. For more information on the S&P 500® Index, including information concerning its composition, calculation methodology and adjustment policy, please see the section entitled “The S&P Dow Jones Indices — The S&P 500® Index” in the accompanying underlying supplement

No. 1 dated August 17, 2015.

TAX CONSEQUENCES — In the opinion of our special tax counsel, Davis Polk & Wardwell LLP, which is based on prevailing market conditions, it is more likely than not that the securities will be treated for U.S. federal income tax purposes as prepaid financial contracts that are not debt. Generally, if this treatment is respected, (i) you should not recognize taxable income or loss prior to the maturity or other taxable disposition of your securities and (ii) the gain or loss on your securities should be capital gain or loss and should be long-term capital gain or loss if you have held the securities for more than one year. The Internal Revenue Service (the “IRS”) or a court might not agree with this treatment, however, in which case the timing and character of income or loss on your securities could be materially and adversely affected.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether beneficial owners of these instruments should be required to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; the relevance of factors such as the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. persons should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” regime, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose a notional interest charge. While the notice requests comments on appropriate

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transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the securities, possibly with retroactive effect.

Withholding under legislation commonly referred to as “FATCA” might (if the securities were recharacterized as debt instruments) apply to amounts treated as interest paid with respect to the securities, as well as to the payment of gross proceeds of a taxable disposition, including redemption at maturity, of a securities. However, under a recent IRS notice, this regime will not apply to payments of gross proceeds (other than any amount treated as interest) with respect to dispositions occurring before January 1, 2019. You should consult your tax adviser regarding the potential application of FATCA to the securities.

Section 871(m) of the Code and Treasury regulations promulgated thereunder (“Section 871(m)”) generally impose a 30% withholding tax (unless an income tax treaty applies) on dividend equivalents paid or deemed paid to non-U.S. holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities. Section 871(m) provides certain exceptions to this withholding regime, including for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations (such an index, a “Qualified Index”). Additionally, the applicable regulations exclude from the scope of Section 871(m) instruments issued in 2017 that do not have a delta of one with respect to underlying securities that could pay U.S.-source dividends for U.S. federal income tax purposes (each an “Underlying Security”). Based on certain determinations made by us, we expect that Section 871(m) will not apply to the securities with regard to non-U.S. holders. Our determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on your particular circumstances, including whether you enter into other transactions with respect to an Underlying Security. If necessary, further information regarding the potential application of Section 871(m) will be provided in the pricing supplement for the securities. You should consult your tax adviser regarding the potential application of Section 871(m) to the securities.

You should review carefully the section of the accompanying product supplement entitled “U.S. Federal Income Tax Consequences.” The preceding discussion, when read in combination with that section, constitutes the full opinion of our special tax counsel regarding the material U.S. federal income tax consequences of owning and disposing of the securities.

Under current law, the United Kingdom will not impose withholding tax on payments made with respect to the securities.

For a discussion of certain German tax considerations relating to the securities, you should refer to the section in the accompanying prospectus supplement entitled “Taxation by Germany of Non-Resident Holders.”

You should consult your tax adviser regarding the U.S. federal tax consequences of an investment in the securities **(including possible alternative treatments and the issues presented by the 2007 notice)**, as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Selected Risk Considerations

An investment in the securities involves significant risks. Investing in the securities is not equivalent to investing directly in the stocks composing the Underlying. In addition to these selected risk considerations, you should review the “Risk Factors” sections of the accompanying product supplement, prospectus supplement and prospectus.

YOUR INVESTMENT IN THE SECURITIES MAY RESULT IN A LOSS — The securities do not guarantee any return of your investment. The return on the securities at maturity is linked to the performance of the Underlying and will depend on whether, and the extent to which, the Underlying Return is positive, zero or negative. If the Final Level is less than the Initial Level by an amount greater than the Buffer Amount, for each \$1,000 Face Amount of securities, you will lose 1.2121% of the Face Amount for every 1.00% by which the Final Level is less than the Initial Level by an amount greater than the Buffer Amount. **In this circumstance, you will lose some or all of your investment at maturity. Any payment on the securities is subject to our ability to satisfy our obligations as they become due.**

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THE RETURN ON THE SECURITIES IS LIMITED BY THE MAXIMUM RETURN — If the Final Level is greater than or equal to the Initial Level, for each \$1,000 Face Amount of securities, you will receive at maturity \$1,000 *plus* an amount equal to \$1,000 *multiplied by* the lesser of (i) the Underlying Return times the Upside Leverage Factor and (ii) the Maximum Return of 20.63%. Consequently, the maximum Payment at Maturity will be \$1,206.30 for each \$1,000 Face Amount of securities you hold, regardless of any further increase in the level of the Underlying, which may be significant.

THE SECURITIES DO NOT PAY ANY COUPONS — Unlike ordinary debt securities, the securities do not pay any coupons and do not guarantee any return of your investment at maturity.

THE SECURITIES ARE SUBJECT TO THE CREDIT OF DEUTSCHE BANK AG — The securities are senior unsecured obligations of Deutsche Bank AG and are not, either directly or indirectly, an obligation of any third party. Any payment(s) to be made on the securities depends on the ability of Deutsche Bank AG to satisfy its obligations as they become due. An actual or anticipated downgrade in Deutsche Bank AG's credit rating or increase in the credit spreads charged by the market for taking Deutsche Bank AG's credit risk will likely have an adverse effect on the value of the securities. As a result, the actual and perceived creditworthiness of Deutsche Bank AG will affect the value of the securities and, in the event Deutsche Bank AG were to default on its obligations or become subject to a Resolution Measure, you might not receive any amount(s) owed to you under the terms of the securities and you could lose your entire investment.

THE SECURITIES MAY BE WRITTEN DOWN, BE CONVERTED INTO ORDINARY SHARES OR OTHER INSTRUMENTS OF OWNERSHIP OR BECOME SUBJECT TO OTHER RESOLUTION MEASURES. YOU MAY LOSE SOME OR ALL OF YOUR INVESTMENT IF ANY SUCH MEASURE BECOMES APPLICABLE TO US — Pursuant to the SRM Regulation, the Resolution Act and other applicable rules and regulations described above under "Resolution Measures and Deemed Agreement," the securities are subject to the powers exercised by the competent resolution authority to impose Resolution Measures on us, which may include: writing down, including to zero, any claim for payment on the securities; converting the securities into ordinary shares of (i) the Issuer, (ii) any group entity or (iii) any bridge bank or other instruments of ownership of such entities qualifying as common equity tier 1 capital; or applying any other resolution measure including, but not limited to, transferring the securities to another entity, amending, modifying or varying the terms and conditions of the securities or cancelling the securities. The competent resolution authority may apply Resolution Measures individually or in any combination.

The German law on the mechanism for the resolution of banks of November 2, 2015 (*Abwicklungsmechanismusgesetz*, or the "**Resolution Mechanism Act**") provides that, in a German insolvency proceeding of the Issuer, certain specifically defined senior unsecured debt instruments would rank junior to, without constituting subordinated debt, all other outstanding unsecured unsubordinated obligations of the Issuer and be satisfied only if all such other senior unsecured obligations of the Issuer have been paid in full. This prioritization would also be given effect if Resolution Measures are imposed on the Issuer, so that obligations under debt instruments that rank junior in insolvency as described above would be written down or converted into common equity tier 1 instruments before any other senior unsecured obligations of the Issuer are written down or converted. A large portion of our liabilities consist of senior unsecured obligations that either fall outside the statutory definition of debt instruments that rank junior to other senior unsecured obligations according to the Resolution Mechanism Act or are expressly exempted from such definition.

Among those unsecured unsubordinated obligations that are expressly exempted are money market instruments and senior unsecured debt instruments whose terms provide that (i) the repayment or the amount of the repayment depends on the occurrence or non-occurrence of an event which is uncertain at the point in time when the senior unsecured debt instruments are issued or is settled in a way other than by monetary payment, or (ii) the payment of interest or the amount of the interest payments depends on the occurrence or non-occurrence of an event which is uncertain at the point in time when the senior unsecured debt instruments are issued unless the payment of interest or the amount of the interest payments solely depends on a fixed or floating reference interest rate and is settled by monetary payment. This order of priority introduced by the Resolution Mechanism Act would apply in German insolvency proceedings instituted, or when Resolution Measures are imposed, on or after January 1, 2017 with effect for debt instruments of the Issuer outstanding at that time. In a German insolvency proceeding or in the event of the imposition of Resolution Measures with respect to the Issuer, the competent regulatory authority or court would determine which of our senior debt securities issued under the prospectus have the terms described in clauses (i) or (ii) above, referred to herein as the “**Structured Debt Securities**,” and

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which do not, referred to herein as the “**Non-Structured Debt Securities.**” We expect the securities offered herein to be classified as Structured Debt Securities, but the competent regulatory authority or court may classify the securities differently. In a German insolvency proceeding or in the event of the imposition of Resolution Measures with respect to the Issuer, the Structured Debt Securities are expected to be among the unsecured unsubordinated obligations that would bear losses after the Non-Structured Debt Securities as described above. **Nevertheless, you may lose some or all of your investment in the securities if a Resolution Measure becomes applicable to us.** Imposition of a Resolution Measure would likely occur if we become, or are deemed by the competent supervisory authority to have become, “non-viable” (as defined under the then applicable law) and are unable to continue our regulated banking activities without a Resolution Measure becoming applicable to us. The Bank Recovery and Resolution Directive and the Resolution Act are intended to eliminate the need for public support of troubled banks, and you should be aware that public support, if any, would only potentially be used by the competent supervisory authority as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool.

By acquiring the securities, you would have no claim or other right against us arising out of any Resolution Measure and we would have no obligation to make payments under the securities following the imposition of a Resolution Measure. In particular, the imposition of any Resolution Measure will not constitute a default or an event of default under the securities, under the Indenture or for the purposes of, but only to the fullest extent permitted by, the Trust Indenture Act. Furthermore, because the securities are subject to any Resolution Measure, secondary market trading in the securities may not follow the trading behavior associated with similar types of securities issued by other financial institutions which may be or have been subject to a Resolution Measure.

In addition, by your acquisition of the securities, you waive, to the fullest extent permitted by the Trust Indenture Act and applicable law, any and all claims against the trustee and the indenture agents for, agree not to initiate a suit against the trustee or the indenture agents in respect of, and agree that the trustee and the indenture agents will not be liable for, any action that the trustee or the indenture agents take, or abstain from taking, in either case in accordance with the imposition of a Resolution Measure by the competent resolution authority with respect to the securities. **Accordingly, you may have limited or circumscribed rights to challenge any decision of the competent resolution authority to impose any Resolution Measure.**

THE ISSUER’S ESTIMATED VALUE OF THE SECURITIES ON THE TRADE DATE WILL BE LESS THAN THE ISSUE PRICE OF THE SECURITIES — The Issuer’s estimated value of the securities on the Trade Date (as disclosed on the cover of this pricing supplement) is less than the Issue Price of the securities. The difference between the Issue Price and the Issuer’s estimated value of the securities on the Trade Date is due to the inclusion in the Issue Price of the agent’s commissions, if any, and the cost of hedging our obligations under the securities through one or more of our affiliates. Such hedging cost includes our or our affiliates’ expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge. The Issuer’s estimated value of the securities is determined by reference to an internal funding rate and our pricing models. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This difference in funding rate, as well as the agent’s commissions, if any, and the estimated cost of hedging our obligations under the securities, reduces the economic terms of the securities to you and is expected to adversely affect the price at which you may be able to sell the securities in any secondary market. In addition, our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. If at any time a third party dealer were to quote a price to

purchase your securities or otherwise value your securities, that price or value may differ materially from the estimated value of the securities determined by reference to our internal funding rate and pricing models. This difference is due to, among other things, any difference in funding rates, pricing models or assumptions used by any dealer who may purchase the securities in the secondary market.

INVESTING IN THE SECURITIES IS NOT THE SAME AS INVESTING IN THE STOCKS COMPOSING THE UNDERLYING — The return on the securities may not reflect the return you would have realized if you had directly invested in the stocks composing the Underlying. For instance, your return on the securities is limited to the Maximum Return, regardless of any potential increase in the level of the Underlying, which could be significant.

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IF THE LEVEL OF THE UNDERLYING CHANGES, THE VALUE OF YOUR SECURITIES MAY NOT CHANGE IN THE SAME MANNER — Your securities may trade quite differently from the level of the Underlying. Changes in the level of the Underlying may not result in comparable changes in the value of your securities.

NO DIVIDEND PAYMENTS OR VOTING RIGHTS — As a holder of the securities, you will not have any voting rights or rights to receive cash dividends or other distributions or other rights that holders of the stocks composing the Underlying would have.

THE UNDERLYING REFLECTS THE PRICE RETURN OF THE STOCKS COMPOSING THE UNDERLYING, NOT THEIR TOTAL RETURN INCLUDING ALL DIVIDENDS AND OTHER DISTRIBUTIONS — The Underlying reflects the changes in the market prices of the stocks composing the Underlying. The Underlying is not, however, a “total return” index, which, in addition to reflecting those price returns, would also reflect the reinvestment of all dividends and other distributions paid on the stocks composing the Underlying.

THE SPONSOR OF THE UNDERLYING MAY ADJUST THE UNDERLYING IN WAYS THAT AFFECT THE LEVEL OF THE UNDERLYING AND HAS NO OBLIGATION TO CONSIDER YOUR INTERESTS — The sponsor of the Underlying (the “**Index Sponsor**”) is responsible for calculating and maintaining the Underlying. The Index Sponsor can add, delete or substitute the components of the Underlying or make other methodological changes that could change the level of the Underlying. You should realize that the changing of such Underlying components may affect the Underlying, as a newly added component may perform significantly better or worse than the component it replaces. Additionally, the Index Sponsor may alter, discontinue or suspend calculation or dissemination of the Underlying. Any of these actions could adversely affect the level of the Underlying and, thus, the value of, and your return on, the securities. The Index Sponsor has no obligation to consider your interests in calculating or revising the Underlying.

PAST PERFORMANCE OF THE UNDERLYING IS NO GUIDE TO FUTURE PERFORMANCE — The actual performance of the Underlying over the term of the securities may bear little relation to the historical closing levels of the Underlying and/or the hypothetical examples set forth elsewhere in this pricing supplement. We cannot predict the future performance of the Underlying or whether the performance of the Underlying will result in the return of any of your investment.

· ASSUMING NO CHANGES IN MARKET CONDITIONS AND OTHER RELEVANT FACTORS, THE PRICE YOU MAY RECEIVE FOR YOUR SECURITIES IN SECONDARY MARKET TRANSACTIONS WOULD GENERALLY BE LOWER THAN BOTH THE ISSUE PRICE AND THE ISSUER’S ESTIMATED VALUE OF THE SECURITIES ON THE TRADE DATE — While the payment(s) on the securities described in this pricing supplement is based on the full Face Amount of securities, the Issuer’s estimated value of the securities on the Trade Date (as disclosed on the cover of this pricing supplement) is less than the Issue Price of the securities. The Issuer’s estimated value of the securities on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your securities in the secondary market at any time. Assuming no changes in market conditions or our creditworthiness and other relevant factors, the price, if any, at which we or our affiliates would be willing to purchase the securities from you in secondary market transactions, if at all, would generally be lower than both the Issue Price and the Issuer’s estimated value of the securities on the Trade Date. Our purchase price, if any, in secondary market transactions would be based on the estimated value of the securities determined by

reference to (i) the then-prevailing internal funding rate (adjusted by a spread) or another appropriate measure of our cost of funds and (ii) our pricing models at that time, less a bid spread determined after taking into account the size of the repurchase, the nature of the assets underlying the securities and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our securities for use on customer account statements would generally be determined on the same basis. However, during the period of approximately three months beginning from the Trade Date, we or our affiliates may, in our sole discretion, increase the purchase price determined as described above by an amount equal to the declining differential between the Issue Price and the Issuer's estimated value of the securities on the Trade Date, prorated over such period on a straight-line basis, for transactions that are individually and in the aggregate of the expected size for ordinary secondary market repurchases.

In addition to the factors discussed above, the value of the securities and our purchase price in secondary market transactions after the Trade Date, if any, will vary based on many economic and market factors, including our creditworthiness, and cannot be predicted with accuracy. These changes may adversely affect the value of your securities, including the price you may receive in any secondary market

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transactions. Any sale prior to the Maturity Date could result in a substantial loss to you. The securities are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your securities to maturity.

THE SECURITIES WILL NOT BE LISTED AND THERE WILL LIKELY BE LIMITED LIQUIDITY — The securities will not be listed on any securities exchange. There may be little or no secondary market for the securities. We or our affiliates intend to act as market makers for the securities but are not required to do so and may cease such market making activities at any time. Even if there is a secondary market, it may not provide enough liquidity to allow you to sell the securities when you wish to do so or at a price advantageous to you. Because we do not expect other dealers to make a secondary market for the securities, the price at which you may be able to sell your securities is likely to depend on the price, if any, at which we or our affiliates are willing to buy the securities. If, at any time, we or our affiliates do not act as market makers, it is likely that there would be little or no secondary market in the securities. If you have to sell your securities prior to maturity, you may not be able to do so or you may have to sell them at a substantial loss, even in cases where the level of the Underlying has increased since the Trade Date.

MANY ECONOMIC AND MARKET FACTORS WILL AFFECT THE VALUE OF THE SECURITIES — While we expect that, generally, the level of the Underlying will affect the value of the securities more than any other single factor, the value of the securities prior to maturity will also be affected by a number of other factors that may either offset or magnify each other, including:

- o the expected volatility of the Underlying;
- o the time remaining to the maturity of the securities;
- o the market prices and dividend rates of the stocks composing the Underlying;
- o the composition of the Underlying;
- o interest rates and yields in the markets generally;
- o geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the Underlying or the markets generally;
- o supply and demand for the securities; and
- o our creditworthiness, including actual or anticipated downgrades in our credit ratings.

During the term of the securities, it is possible that their value may decline significantly due to the factors described above even if the level of the Underlying remains unchanged from the Initial Level, and any sale prior to the Maturity Date could result in a substantial loss to you. You must hold the securities to maturity to receive the stated payout from the Issuer.

TRADING AND OTHER TRANSACTIONS BY US OR OUR AFFILIATES IN THE EQUITY AND EQUITY DERIVATIVE MARKETS MAY IMPAIR THE VALUE OF THE SECURITIES

— We or our affiliates expect to hedge our exposure from the securities by entering into equity and equity derivative transactions, such as over-the-counter options, futures or exchange-traded instruments. We or our affiliates may also engage in trading in instruments linked or related to the Underlying on a regular basis as part of our or their general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including block transactions. Such trading and hedging activities may adversely affect the level of the Underlying and, therefore, make it less likely that you will receive a positive return on your investment in the securities. It is possible that we or our affiliates could receive substantial returns from these hedging and trading activities while the value of the securities declines. We or our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to the Underlying. To the extent that we or our affiliates serve as issuer, agent or underwriter for such securities or financial or derivative instruments, our or our affiliates' interests with respect to such products may be adverse to those of the holders of the securities. Introducing competing products into the marketplace in this manner could adversely affect the level of the Underlying and the value of the securities. Any of the foregoing activities described in this paragraph may reflect trading strategies that differ from, or are in direct opposition to, investors' trading and investment strategies related to the securities. Furthermore, because DBSI or one of its affiliates is expected to conduct trading and hedging activities for us in connection with the securities, DBSI or such affiliate may profit in connection

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with such trading and hedging activities and such profit, if any, will be in addition to any compensation that DBSI receives for the sale of the securities to you. You should be aware that the potential to earn a profit in connection with hedging activities may create a further incentive for DBSI to sell the securities to you in addition to any compensation they would receive for the sale of the securities.

WE OR OUR AFFILIATES MAY PUBLISH RESEARCH, EXPRESS OPINIONS OR PROVIDE RECOMMENDATIONS THAT ARE INCONSISTENT WITH INVESTING IN OR HOLDING THE SECURITIES. ANY SUCH RESEARCH, OPINIONS OR RECOMMENDATIONS COULD ADVERSELY AFFECT THE LEVEL OF THE UNDERLYING AND THE VALUE OF THE SECURITIES — We or our

affiliates may publish research from time to time on financial markets and other matters that could adversely affect the level of the Underlying and the value of the securities or express opinions or provide recommendations that are inconsistent with purchasing or holding the securities. Any research, opinions or recommendations expressed by us or our affiliates may not be consistent with each other and may be modified from time to time without notice. You should make your own independent investigation of the merits of investing in the securities and the Underlying.

POTENTIAL CONFLICTS OF INTEREST — We and our affiliates play a variety of roles in connection with the issuance of the securities, including acting as calculation agent, hedging our obligations under the securities and determining the Issuer's estimated value of the securities on the Trade Date and the price, if any, at which we or our affiliates would be willing to purchase the securities from you in secondary market transactions. In performing these roles, our economic interests and those of our affiliates are potentially adverse to your interests as an investor in the securities. The calculation agent will determine, among other things, all values, prices and levels required to be determined for the purposes of the securities on any relevant date or time. The calculation agent will also be responsible for determining whether a market disruption event has occurred. Any determination by the calculation agent could adversely affect the return on the securities.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE SECURITIES ARE UNCERTAIN — There is no direct legal authority regarding the proper U.S. federal income tax treatment of the securities, and we do not plan to request a ruling from the IRS. Consequently, significant aspects of the tax treatment of the securities are uncertain, and the IRS or a court might not agree with the treatment of the securities as prepaid financial contracts that are not debt. If the IRS were successful in asserting an alternative treatment for the securities, the tax consequences of ownership and disposition of the securities could be materially and adversely affected. In addition, as described above under "Tax Consequences," in 2007 the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments. Any Treasury regulations or other guidance promulgated after consideration of these issues could, however, be unfavorable to investors. Mr. Smithgall is a long time member of SPIE, SME and IEEE, and is recognized as a Certified Manufacturing Engineer with the SME Machine Vision Association, a Senior Member of the IEEE, and on the Editorial Advisory Board of Advanced Imaging Magazine. Mr. Smithgall holds patents in image processing systems and has given numerous professional papers. He led Image Labs to its selection as an IC-500 company in 2000 and 2001.

Eric Pierson

General Manager Miralogix

Mr. Pierson, age 45, has been involved in all aspects of the development of the CatPro product line used for inspection of catalytic converter monoliths including product design, market development, customer and vendor relations and web site development. Prior to this Mr. Pierson was cofounder of Pathway Systems which designed and manufactured critical components and sub-systems used by leading semiconductor and rigid memory disk equipment manufacturers. He brings strong product development skills and valuable insight to the capital equipment manufacturing arena.

John Dain

General Manager All Temp Engineering

Mr. Dain, age 48, has been involved in the field of controlled environments for 30 years. Co-founding All Temp Engineering in 1985, Mr. Dain was instrumental in growing the company and leading its development as an environmental service design company in the State of California through his expertise in engineering, attention to customer support and knowledge of cryogenic systems. Through his work with customers a new product direction was recognized and implemented via the founding of Cryomastor a company that specializes in state of the art ultra-low temperature freezers. In addition to patents, Mr. Dain has memberships in several key engineering organizations.

Nicholas Henneman

Director of Manufacturing Cryometrix

Mr. Henneman, age 50, has been involved in environmental systems for 25 years. His experience spans control logic, human interface systems, cryogenic systems and management. As President and Director of Operations for All Temp Engineering, Mr. Henneman's contribution to the growth of All Temp Engineering has been significant. His prior experience includes Section Head and Lab supervisor at Phillips Semiconductors. He was also instrumental in applying his skills in developing the Cryomastor product.

Family Relationships

There are no family relationships between our officers and directors.

None of the aforementioned directors or executive officers have, during the last five (5) years, filed for bankruptcy, was convicted in a criminal proceeding or was the subject of any order, judgment, or decree permanently, temporarily, or otherwise limiting activities (1) in connection with the sale or purchase of any security or commodity or in connection

with any violation of Federal or State securities laws or Federal commodities laws, (2) engaging in any type of business practice, or (3) acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of an investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity.

Code of Ethics

We have adopted a Code of Ethics that applies to all of our directors and executive officers serving in any capacity for our Company, including our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of December 13, 2007, the names, addresses and number of shares of common stock beneficially owned by all persons known to the management of Reflect Scientific to be beneficial owners of more than 5% of the outstanding shares of common stock, and the names and number of shares beneficially owned by all directors of Reflect Scientific and all executive officers and directors of Reflect Scientific as a group (except as indicated, each beneficial owner listed exercises sole voting power and sole dispositive power over the shares beneficially owned).

For purposes of this table, information as to the beneficial ownership of shares of common stock is determined in accordance with the rules of the Securities and Exchange Commission and includes general voting power and/or investment power with respect to securities. Except as otherwise indicated, all shares of our common stock are beneficially owned, and sole investment and voting power is held, by the person named. For purposes of this table, a

person or group of persons is deemed to have "beneficial ownership" of any shares of common stock, which such person has the right to acquire within 60 days after the date hereof. The inclusion herein of such shares listed beneficially owned does not constitute an admission of beneficial ownership.

All percentages are calculated based upon a total number of 34,019,483 shares of common stock outstanding as of December 13, 2007, plus, in the case of the individual or entity for which the calculation is made, that number of options or warrants owned by such individual or entity that are currently exercisable or exercisable within 60 days.

<u>Title of Class</u>	<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Owner</u>	<u>Percentage of Outstanding Common stock</u>
	<u>Principal Shareholders</u>		
Common Stock	Kim Boyce 1270 South 1380 West Orem, Utah 84058	17,918,250	52.67%
Common Stock	Dain Family Revocable Trust 4057 Cienega Road	2,530,000	7.44%

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	Hollister, California 95023		
Common Stock	Nicholas J. Henneman	2,470,000	7.26%
	P.O. Box 1175		
	5885 Diablo Hills Road		
	Tres Pinos, California 95075-1175		
	<u>Officers and Directors</u>		
Common Stock	Kim Boyce	17,918,250	52.67%
Common Stock	Tom Tait	161,000	.47%
Common Stock	Kevin Cooksy	40,000	.12%
Common Stock	Craig D. Morrison, M.D.	<u>210,000</u>	<u>.62%</u>
	All directors and executive officers of the Company as a group (Four individuals)	18,329,250 =====	53.88% =====

Description of Securities

Our authorized capital stock consists of 50,000,000 shares of common stock, par value \$0.01 per share and 5,000,000 shares of preferred stock, par value \$0.01 per share. As of December 13, 2007, there were 34,109,483 shares of common stock outstanding and no shares of preferred stock outstanding. The following description is a summary of our securities and contains the material terms of our securities. Additional information can be found in our articles of incorporation, bylaws and other documents discussed below.

We are offering 4,653,846 shares of our common stock underlying shares convertible under the Debentures and an aggregate of 3,846,154 shares of common stock on exercise of Series A and B Warrants. The Debenture shall be convertible into shares of common stock at any time after notice is given by the debenture holder. Series A Warrants entitles the holder to purchase a total of 1,923,077 shares of common stock at an exercise price of \$0.80 and Series B Warrants entitles the holder to purchase a total of 1,923,077 shares of common stock at an exercise price of \$1.00 per share.

Common stock

Holders of our common stock are entitled to one vote per share with respect to each matter presented to our stockholders on which, the holders of common stock are entitled to vote. Subject to the rights of the holders of any preferred stock we may designate or issue in the future, or as may otherwise be required by law or our articles of incorporation, our common stock is our only common stock entitled to vote in the election of directors and on all other matters presented to our stockholders. The common stock does not have cumulative voting rights or preemptive rights. Subject to the prior rights of holders of preferred stock, if any, holders of our common stock are entitled to receive dividends as may be lawfully declared from time to time by our board of directors. Upon our liquidation, dissolution or winding up, whether voluntary or involuntary, holders of our common stock will be entitled to receive such assets as are available for distribution to our stockholders after there shall have been paid, or set apart for payment, the full amounts necessary to satisfy any preferential or participating rights to which the holders of any outstanding series of preferred stock are entitled.

Preferred Stock

Our board of directors is authorized to issue preferred stock in one or more series and, with respect to each series, to determine the preferences, rights, qualifications, limitations and restrictions thereof, including the dividend rights, conversion rights, voting rights, redemption rights and terms, liquidation preferences, sinking fund provisions, the number of shares constituting the series and the designation of such series.

We had previously authorized and issued a Series A Preferred Stock. All shares issued under the series A preferred stock were subsequently converted into shares of common stock and there are no shares of preferred stock outstanding.

12% Senior Convertible Debenture

On June 29, 2007, we issued \$2,500,000 in 12% Senior Convertible Debentures (Debentures). The purchasers of the Debentures were the Selling Security holders listed in this prospectus. The Debentures have a maturity date of June 29, 2009, and will accrue interest at a rate of 12% per annum. Payments of principal under the Debentures are not due until the maturity date and interest is due on a quarterly basis, however the Investors can convert the principal amount of the Debentures into common stock of the Company. Interest shall be payable at the option of the Company to the Investors either in cash or in registered common stock at a rate of the lesser of fifteen percent (15%) discount to the market price calculation or \$0.65. At the Closing, the Company prepaid the first quarterly interest payments out proceeds of the offering from escrow. The conversion price of the Debentures is \$0.65 per share yielding an aggregate total of possible shares to be issued as a result of conversion of 3,846,154 shares. Accordingly, solely for purpose of illustration if a debenture holder wanted to convert \$650 in principal of the debenture, the holder would receive 1,000 shares of our common stock.

Holders of Debentures may only convert that amount of the Debenture that will not make them more than a 4.99% holder of our common stock subject to a one time waiver, at the option of the holder, on not less than 61 days notice, that they would like to increase their ownership percentage of our common stock to 9.9%. The conversion price will be reduced if we issue shares of common stock or securities convertible or exercisable into shares of our common stock at a price less than the conversion price of \$0.65. While the Debentures are outstanding, we cannot pay a cash dividend on our stock. The Debentures will be considered in default if the registration statement registering the shares the Debenture converts into is not declared effective within 210 days of June 29, 2007.

The Debentures have anti-dilution protections, and Reflect Scientific has agreed to certain registration rights for the resale of the shares of common stock underlying the Debentures, for the resale of the shares of common stock underlying the Debentures and Warrants, pursuant to a registration rights agreement entered into simultaneously with the transaction (the Registration Rights Agreement).

We believe we can make all payments required under the Debentures as long as our business continues to see increased sales and we move further towards profitability. If the share price for our common stock stays above the conversion price of the Debentures and the Selling Shareholders have the ability to sell shares of our common stock received on conversion of the Debentures at a profit, we believe they will convert the Debenture.

Warrants

Reflect Scientific has 3,846,154 warrants outstanding representing 1,923,077 Series A Warrants and 1,923,077 Series B Warrants. The warrants contain the same terms except the Series A Warrants have an exercise price of \$0.80 per share of common stock and the Series B Warrants have an exercise price of \$1.00 per share of common stock. The warrants are exercisable at any time within five years from the issuance date of June 29, 2007. The warrants have a cashless exercise feature allowing the holder to exchange warrants for shares with each warrant assigned a value of the difference between the exercise price and the current trading price. The warrants' cashless feature is contingent upon the expiration of one year from issuance and that there then be no effective registration statement covering the underlying shares. No warrant holder may exercise warrants which would increase the holders share position of Reflect Scientific to more than 4.99% unless upon sixty one days notice the holder has requested such provision be removed in which case the holder may own up to 9.9% of Reflect Scientific's common stock. The exercise price will be reduced if Reflect Scientific issues shares of its common stock or rights to purchase shares of its common stock at a price less than the current exercise price. In such a case, the exercise price is reduced to the price Reflect Scientific issued its shares or rights to purchase its shares for to other parties.

The warrants have anti-dilution protections, and Reflect Scientific has agreed to certain registration rights for the resale of the shares of common stock underlying the Warrants, pursuant to a registration rights agreement.

Registration Rights Agreement

In connection with the Securities Purchase Agreement dated June 29, 2007, we entered into a Registration Rights Agreement, pursuant to which we agreed to file a registration statement covering the resale of the shares of our common stock issuable upon the conversion and exercise of the Debentures and Warrants issued under the securities purchase agreement no later than August 29, 2007, and to use our reasonable commercial efforts to cause such registration statement to be declared effective no later than 180 days after such date. We must use our reasonable commercial efforts to keep the registration statements continuously effective under the Securities Act until such time as all of the securities, which are subject of such registration statement cease to be Registrable Securities. Reflect Scientific may suspend the effectiveness for not more than sixty (60) consecutive trading days during each year.

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If we fail to have an effective registration statement on or before one hundred and eighty days from June 29, 2007, or if the registration statement is not effective on or before such date then Reflect Scientific shall pay to selling security

holder as liquidated damages an amount equal to one and one half percent of the original amount raised of two million five hundred thousand dollars (\$2,500,000). Additionally, our Debentures may be considered in default if the registration statement is not effective within 210 days of the June 29, 2007 date.

The registration statement to which this prospectus is a part was filed for purposes of satisfying our obligations under the registration rights agreement.

Purchases of Equity Securities by Us and Affiliated Purchasers

There were no purchases of our equity securities by us or any of our affiliates during the year ended December 31, 2006, except Tom Tait, our Vice President and a director, purchased 3,000 shares in the open market on April 19, 2006, for \$1.60 per share; and 3,000 shares in the open market on April 25, 2006, for \$1.50 per share.

Interest of Named Experts and Counsel

No expert or counsel named in this prospectus as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the common stock was employed on a contingency basis or had, or is to receive, in connection with the offering, a substantial interest, directly or indirectly, in the registrant or any of its parents or subsidiaries. Nor was any such person connected with the registrant or any of its parents, subsidiaries as a promoter, managing or principal underwriter, voting trustee, director, officer or employee. This prospectus and registration statement contains consolidated financial statements for the date and years ended December 31, 2006 and 2005, and for the three and nine-month periods ended September 30, 2007 and 2006. The financial statements contained in this prospectus and registration statement for the years ended December 31, 2006 and 2005 have been audited by HJ & Associates, LLC, independent registered accounting firm, as set forth in their report accompanying the consolidated financial statements and have been included herein in reliance upon such report, and upon the authority of said firm as experts in accounting and auditing.

Victor D. Schwarz, PC provided the opinion attached hereto as Exhibit 5.1 stating that the securities being sold pursuant to the Registration Statement are duly authorized and will be, when issued in the manner described in the Registration Statement, legally and validly issued, fully paid and non-assessable.

Disclosure of Commission Position of Indemnification for Securities Act Liabilities

Our officers and directors may be indemnified as provided by the Utah Revised Business Corporation Act (the URBCA) and our bylaws. Under the URBCA, director immunity from liability to a company or its shareholders for monetary liabilities is permitted if contained in the company's articles of incorporation or bylaws. Excepted from that indemnification are:

- (1) an intentional infliction of harm on Reflect Scientific or its shareholders;
- (2) An intentional violation of criminal law (unless the director had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful);
- (3) a transaction from which the director derived an improper personal profit; and
- (4) An unlawful distribution.

Our bylaws provide that we may indemnify our officers and directors and may advance all expenses incurred to any director who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was our director or officer, or is or was serving at our request as a director or executive officer of another company, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request. This advancement of expenses is to be made upon receipt of an undertaking by or on behalf of such person to repay said amounts should it be ultimately determined that the person was not entitled to be indemnified under our bylaws or otherwise. The Board of Directors may authorize the corporation to indemnify and advance expense to any officer, employee, or agent of the corporation who is not a director to the extent permitted by law.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

In the event that a claim for the indemnification against such liabilities (other than the payment by the small business issuer of expenses incurred or paid by the director, officer or controlling person of the small business issuer in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the small business issuer will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court or appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudications of such issue.

Reflect Scientific has agreed to indemnify, defend and hold the selling security holder harmless against and in respect of any and all claims, demands, losses, costs, expenses, obligations, liabilities or damages, including interest, penalties and reasonable attorney's fees, that it shall incur or suffer, which arise out of, result from or relate to any breach of the stock purchase agreement or failure to perform with respect to any of its representations, warranties, or covenants contained therein. In no event shall Reflect Scientific or the selling security holder be entitled to recover consequential or punitive damages resulting from a breach or violation of the stock purchase agreement nor shall any party have liability in the event of gross negligence or willful misconduct or the indemnified party.

At this time, there are no current or pending lawsuits which would require indemnification.

Description of Business

Overview

Reflect Scientific is engaged in the manufacture and distribution of innovative products targeted at the life science market. Our customers include hospitals and diagnostic laboratories, pharmaceutical and biotech companies, universities, government and private sector research facilities as well as chemical and industrial companies.

Our goal is to provide our customers with the best solution for their needs. This philosophy extends into our business strategies and acquisition plans. Through a series of strategic acquisitions in 2006 and 2007, we now offer a greatly expanded line of products that take advantage of market needs. Our growing product portfolio includes ultra low temperature freezers and chemical detectors, in addition to supplying OEM products to the life science industry.

Our Visacon brand chemical detectors provide our OEM customers a cost effective detection product that allows them to extend their markets. Detectors use patented optical detection technologies that can be tailored for pharmaceutical, biotechnology or other life science applications.

Our Cryometrix brand ultra low temperature freezers innovative design enables our customers to save substantially on energy costs related to cryogenic storage. Ultra low temperature freezers are used world wide for the storage of vaccines, DNA, RNA, proteins and many other biological and chemical samples. There is a growing need for energy efficient, reliable ultra low temperature storage units. We will continue to expand into this growing market with the Cryometrix freezer.

Organization

Reflect Scientific was organized under the laws of the State of Utah on November 3, 1999, under the name Cole, Inc. On December 31, 2003, we acquired Reflect Scientific, Inc., a California corporation and currently our wholly-owned subsidiary, changed our name to Reflect Scientific, Inc. and succeeded to the business operations of Reflect Scientific, Inc., that involved the manufacture and distribution of laboratory consumables and disposables such as filtration and purification products, customized sample handling vials, electronic wiring assemblies, high temperature silicone, graphite and vespel/graphite sealing components for use by original equipment manufacturers (OEM) in the chemical analysis industries, primarily in the field of gas/liquid chromatography.

On November 29, 2005, we announced the execution of a Letter of Intent to acquire Cryomastor Corporation, a California corporation (Cryomastor [sometimes called Cryometrix, its amended name). On June 27, 2006, we complete the acquisition of Cryomastor pursuant to an Agreement and Plan of Merger (the Cryomastor Merger Agreement), which became our wholly-owned subsidiary; changed its name to Cryometrix, Inc. ; and succeeded to its business operations, which involved the manufacture and sale of ultra low temperature freezers systems powered by liquid nitrogen for use in bio-repositories associated with the biotech and pharmaceutical industries, as well as government facilities, universities and many other diverse applications that require a large number of reliable and energy efficient freezers.

Effective as of April 4, 2006, we entered into a Purchase Agreement (the JMST Agreement) with JM SciTech, LLC, a limited liability company organized under the laws of the State of Colorado, and doing business as JMST Systems (JMST). Pursuant to the JMST Agreement, we purchased and JMST sold all right, title and interest in and to the JMST Technology (the JMST Technology), as described in the JMST Agreement; and David Carver, a shareholder of JMST (Carver), conveyed and assigned any rights he had in and to certain patents (the Carver Patents) and related intellectual assets as described in the JMST Agreement (collectively, including the Carver Patents referred to herein as the Carver Technology). JMST had created a line of chemical detection instruments that are used in the pharmaceutical, biotechnology and homeland security markets. The patented technology allows researchers to accurately analyze chemical formulations for their composition and identity.

On November 15, 2006, we entered into an Agreement and Plan of Merger (the Image Labs Merger Agreement) to acquire Image Acquisition Corp., a Georgia corporation by our wholly-owned subsidiary; Smithgall & Associates, Inc., dba Image Labs International, a Georgia corporation (Image Labs). Established in 1993 and located in Bozeman, Montana, Image Labs is a manufacturer and developer of factory automation equipment. The primary product lines focus in the areas of automated inspection, measurement and material handling. Effective February 28, 2007, the Image Labs

Merger Agreement was completed.

On November 17, 2006, we entered into an Agreement and Plan of Merger (the "All Temp Merger Agreement") between our wholly-owned subsidiary, Cryometrix, Inc. and All Temp Engineering Inc., a California corporation ("All Temp"). All Temp is located in San Jose, California and has been providing engineered solutions and services to the cryogenics industry for over 23 years. All Temp serves over 1,450 companies in business sectors such as biotech, pharmaceutical, medical devices, research, universities, semiconductor, aerospace, military and industrial food processing. Effective January 19, 2007, the All Temp Merger Agreement was completed.

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Business

Reflect Scientific designs, develops and sells scientific equipment for the Life Science and Manufacturing industries. Since our wholly owned subsidiary, Reflect Scientific s, organization in 1991, our focus is and has been on providing value added products, analytic testing equipment and stand alone products for the life science and industrial market place. Reflect Scientific s products range from non-mechanical Cryometrix™ freezers, products and parts for life science industry to tools and analytical services for industrial manufacturing.

All of Reflect Scientific s products and services are developed with one key factor in mind-do they provide a superior cost/benefit to the customer than other products in the same marketplace. With years of experience in the life science and industrial manufacturing markets, Reflect Scientific has been able to develop not only unique patentable products but products that we believe offer immediate advantages and cost savings over any other competing and existing products on the market.

We have developed a business model with a focus on intellectual expertise in design and development of products and solutions for life science and industrial manufacturing industries. We outsource the majority of our manufacturing allowing us to maintain flexibility to develop products across multiple lines and industries. Our strength is in providing products which we believe offer immediate verifiable cost saving solutions.

We have found many companies that can manufacture products to our specification allowing us to focus on our core competencies of development and design and maintain a flexible corporate structure capable of taking advantage of new opportunities without the large capital investment for tooling and manufacturing equipment. This focus on the intellectual expertise as opposed to manufacturing of products also allows us to develop products along multiple industries and to tailor our products to specific needs in a variety of industrial settings. Our products are sold in the biotechnology, pharmaceutical, medical industries as well as the manufacturing industries such as automotive.

PRODUCTS

Cryometrix Freezers

Our Cryometrix ultra low temperature freezers are, we believe, a technological breakthrough that provides energy savings and other critically important benefits to cryo-storage customers in the Life Science related industries. Ultra low temperature freezers are used in multiple industries for the storage of everything from blood to cancer vaccines. These freezers are used by companies and organizations like the Red Cross, hospitals and biotechnology research facilities.

Currently, the only ultra low temperature freezers are produced by only a few companies and rely on a mechanical process for cooling. Because of inadequacies in the mechanical process, we believe there is wastage of inventory each year because of the problems of proper cooling found in the mechanical freezers.

Our freezers are a complete divergence from the current technology used in ultra low temperature freezers. Through the advantages of our technology, we believe, our freezers solve the current inadequacies resulting in immediate cost savings for our clients. Current cryogenic storage equipment falls short of customer expectations in a variety of key performance criteria.

§ High energy usage a growing problem with rising energy costs

§ Inflexible temperature range existing units cannot be easily modified for colder requirements (colder temperatures are an industry trend)

§ Sample inventory is at risk in the event of a power failure

§ Poor temperature uniformity samples in different areas of the freezer can experience wide variations in temperatures which is undesirable from a regulatory standpoint.

Our Cryometrix ultra low temperature freezer uses a new patented design which is powered by liquid nitrogen. Through the use of a liquid nitrogen powered freezer system we are able to address the market need for:

§ Low energy requirements

§ Flexible temperature control wide range of usable temperatures

§ Power failures have little effect - uses passive liquid nitrogen technology rather than electrically powered compressors.

§ Uniform temperatures throughout freezer more usable storage volume

§ Much larger storage volume per area of floor space occupied reduced facilities cost

§ Reliable and essentially maintenance free; further lowering cost of ownership

We believe existing freezers are outdated and our freezers will be the direction the industry will move offering us a chance to gain a significant market share in this large market.

Detectors

Our chemical detector products serve the analytical instrumentation sector of the Life Sciences market. These optically based chemical detection instruments provide a cost-effective, high-performance alternative for original equipment manufacturers (OEM). One major use for these detectors is the analysis of whole blood for metabolic diseases.

Companies that manufacture beneficial chemicals or biotechnology products are often required to develop a methodology to detect their presence in the environment or in living tissue. Recent market trends have been toward the creation of a dedicated system that is specific for a particular chemical. As the market expands for dedicated instrumentation, certain critical issues arise.

§ Lack of high quality, high performance OEM instrumentation - large instrument manufacturers sell the service/instrument combination only under their own brand name

§ High price points - instrument company structure does not allow value pricing

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Our products provide the building blocks to create such a system. Patented technology provides an array of benefits to the OEM customer.

§ High performance instrumentation - meets or exceeds industry standards for chemical detection

§ Technological breakthroughs provide cost-effective detection instrument solutions

§ Versatile configurations allow tailoring to specific customer need without the necessity for expensive custom engineering

§ Certified by various regulatory agencies for sale worldwide

With the expanding focus on the need for detectors we designed a base system that can be tooled for multiple uses offering flexibility to our customers. We intend to further penetrate the dedicated OEM instrument market through new product development and continued cost reductions in manufacturing to meet price points.

Reflect Scientific is also poised to provide consumables to the same group of customers that purchase detectors. This one stop shopping is very attractive to customers and is unique in the OEM supply industry further making Reflect Scientific the choice for OEMs.

Testing Equipment

Our testing equipment provides automated inspection products and services including part handling and automation to manufacturers of automotive and diesel catalysts and filters, exhaust systems, and OEMs including inspection of in service components such as Diesel Particulate Filters. Although there are several markets that can be addressed with these products the first to be accessed is the automotive industry. The inspection product for this market takes advantage of the increased focus on environmental protection with respect to emissions from gas and diesel engines as well as the increased attention to 100% inspection directives from OEMs. Environmental Protection Agency (EPA) Tier 2 emission standards on diesel cars and light trucks will be phased in from 2004 to 2010 and beyond.

Through our subsidiary, CATPRO, Inc., we will continue forward with the CATPRO line using its presence in the market and its strength as a product to position itself as a key supplier of automation equipment, inspection equipment and data management solutions.

Competition

The environment for our products and services is intensely competitive. Although the complexity of the products we produce limits the number of companies we compete with, the companies with competing technology are generally larger and often subsidiaries or divisions of very large multinational companies. Our competitors' size and association with large multinational companies creates advantages over us in the ability to access potential customers. Many potential customers already purchase products either directly from our competitors or from another subsidiary of these large multinational companies creating natural inroads to sales that we do not possess.

Given our relative size versus our competitors, we often have to seek niche markets for our products or focus on selling components to be used in our competitors' larger detection units. We believe, however, that our technology and experience in the ultra low freezers and detectors allows us to be competitive in our markets. However, since our products are new to the marketplace, the products' long term commercial acceptance is still unknown. Most of our products compete against multiple competitors with our refrigeration products competing primarily against Thermo Fisher Scientific and Sanyo Corporation.

Growth Plan

We continue to evaluate acquisitions of businesses and technologies to enhance our revenues in the Life Science market. To that end, we recently completed the acquisition of All Temp and Image Labs, and we acquired Cryometrix in June, 2006.

We intend to seek to expand the applications for our products and equipment into additional markets as we develop brand recognition. We hope to be able to leverage off of our existing products and name recognition as we continue forward using our existing offerings and product strength to position us as a key supplier of automation equipment, inspection equipment and cryogenic storage solutions. This strategic plan will also allow for further diversification of our customer base.

All Temp provides service and installation of ultra low temperature freezers and other environmental chambers. A strong synergy with the Cryometrix freezer products also exists. We will be able to further vertically integrate our freezer line of business and gain revenues from service contracts, installations and other services provided by All Temp.

Image Labs expertise is in the field of machine vision and robotics. A key component to product extension of the Cryometrix freezers is automation. Image Labs will provide the necessary technology to create product line extensions that integrate automation into existing products. Larger automated freezer systems are used world wide for the storage of vaccines and tissues and will allow Reflect Scientific to participate in this market.

CatPro, a division of Image Labs, provides automated inspection products and services, including part handling and automation to manufacturers of automotive and diesel catalysts and filters, exhaust systems and OEM's, and inspection of in service components such as Diesel Particulate Filters.

Manufacturing, Supplies, and Quality Control

Many of our products are manufactured by third party manufactures, including our ultra low temperature freezers. We believe by outsourcing our manufacturing we are able to reduce the overall cost of our products. We do manufacture some products which are less labor and parts intensive in our facility in Orem, Utah.

Regulation and Environmental Compliance

Presently, none of our products are in highly regulated industries.

Sources and Availability of Raw Materials and Names of Principal Suppliers

Sources and availability of key materials and intermediates continue to remain stable. Where supply is considered a critical success factor for our business, we have certified vendors in place.

Dependence on One or a Few Major Customers

With the recent acquisitions and expansion of our product line, we are not dependent on any large customer.

Need for any Governmental Approval of Principal Products or Services

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

Effect of Existing or Probable Governmental Regulations on the Business

The integrated disclosure system for small business issuers adopted by the Securities and Exchange Commission in Release No. 34-30968 and effective as of August 13, 1992, substantially modified the information and financial requirements of a Small Business Issuer, defined to be an issuer that has revenues of less than \$25 million; is a U.S. or Canadian issuer, is not an investment company, and if a majority-owned subsidiary, the parent is also a small business issuer. We are a small business issuer.

The Securities and Exchange Commission, state securities commissions and the North American Securities Administrators Association, Inc. (NASAA) have expressed an interest in adopting policies that will streamline the registration process and make it easier for a small business issuer to have access to the public capital markets.

We are also subject to the Sarbanes-Oxley Act of 2002. This Act creates a strong and independent accounting oversight board to oversee the conduct of auditors of public companies and strengthens auditor independence. It also requires steps to enhance the direct responsibility of senior members of management for financial reporting and for the quality of financial disclosures made by public companies; establishes clear statutory rules to limit, and to expose to public view, possible conflicts of interest affecting securities analysts; creates guidelines for audit committee members appointment, compensation and oversight of the work of public companies auditors; prohibits certain insider trading during pension fund blackout periods; and establishes a federal crime of securities fraud, among other provisions.

Section 14(a) of the Exchange Act requires all companies with securities registered pursuant to Section 12(g) of the Exchange Act to comply with the rules and regulations of the Securities and Exchange Commission regarding proxy solicitations, as outlined in Regulation 14A. Matters submitted to stockholders of our Company at a special or annual meeting thereof or pursuant to a written consent will require our Company to provide our stockholders with the information outlined in Schedules 14A or 14C of Regulation 14; preliminary copies of this information must be submitted to the Securities and Exchange Commission at least 10 days prior to the date that definitive copies of this information are forwarded to our stockholders.

We are also required to file annual reports on Form 10-KSB and quarterly reports on Form 10-QSB with the Securities Exchange Commission on a regular basis, and will be required to timely disclose certain material events (e.g., changes in corporate control; acquisitions or dispositions of a significant amount of assets other than in the ordinary course of business; and bankruptcy) in a Current Report on Form 8-K.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts, including Duration

All patents and trademarks relating to acquisitions have been assigned to us. Where appropriate, we seek patent protection for inventions and developments made by our personnel and incorporated into our products or otherwise falling within our fields of interest.

We protect some of our technology as trade secrets and, where appropriate, we use trademarks or register trademarks used in connection with products.

Patents have been issued covering the following products:

JMST chemical detectors 4 patents issued

Cryomastor ultra low temperature freezers 1 patent issued

Catalytic Converter Testing Equipment-1 patent issued

PATENT INFORMATION

<u>Patent number</u>	<u>Title</u>	<u>Issue</u>	<u>Filing</u>	<u>Expiration</u>
6,804,976	High reliability multi-tube thermal exchange structure	Oct 19, 2004	Dec 12, 2003	Dec 12, 2023
6, 530, 286	Method and apparatus for measuring fluid flow	Mar 11, 2003	May 9, 2000	May 9, 2020
5, 969, 812	Spectrophotometer apparatus with dual concentric beams and fiber optic beam splitter	Oct 19, 1999	Oct 18, 1995	Oct, 18, 2015
5, 699, 156	Spectrophotometer apparatus with dual light sources and optical paths, fiber optic pick-up and sample cell therefore	Dec 16, 1997	Nov 23, 1994	Dec 16, 2014
5, 694, 215	Optical array and processing electronics and method therefore for use in spectroscopy	Dec 2, 1997	Mar 4, 1996	Mar 4, 2016
7,283,224	Face lighting for edge location in catalytic converter inspection	October 16, 2007	September 30, 2004	September 30, 2024

Royalty agreements were executed with JMST, Cryomastor, All Temp and Image Labs as a condition of the companies acquisitions. Under the terms of the royalty agreements:

JMST David Carver will receive a royalty payment on gross revenues related to revenues derived from the Carver Patents or Carver Technology. Such payments are due on revenue in excess of \$500,000 derived from products under the Carver Patents or Carver Technology. The royalty payment is 2.5% on the revenue in excess of \$500,000 and is payable quarterly. Payments are to be made in Reflect Scientific's common stock not to exceed 500,000 shares in total. New products developed from the Carver Technology are subject to a royalty of 3% of gross revenues in excess of \$100,000, with an additional 2% if gross revenues exceed \$600,000. Royalties will also be paid in our common stock annually. Common stock will be valued at \$3.00 per share for these purposes. Royalty payments are only due for years where there are valid Carver Patents.

Cryometrix The prior shareholders of Cryometrix receive a 2.5% royalty on all sales, licensing or other distributions on revenue derived from products and technology received from Cryometrix. The royalty payment is not due or payable unless and until the revenue derived from such products and technology exceeds \$3,000,000. The payment is payable in shares of Reflect Scientific's common stock not to exceed 2,000,000 shares in aggregate. Common stock will be valued at \$1.80 or market value at time of accrual which ever is greater, for these purposes. Payments are due quarterly.

All Temp The shareholders of All Temp will receive a pro-rata running royalty totaling 5% of the gross annual revenues earned from the All Temp's business unit. This revenue covers all revenues received by the All Temp subsidiary or any other business unit of Reflect Scientific which revenue is derived from products or services derived from All Temp as part of its acquisition. The royalty is payable as long as Reflect Scientific owns and operates the All Temp business provided that the royalty is not payable if the All Temp business does not have earnings of at least 10% measured by earnings before interest and taxes. The royalty is payable quarterly within 45 days following the close of each quarter. If within three years of the closing of the acquisition of All Temp, Reflect Scientific sells or transfers All Temp, its products or services, All Temp shareholders shall receive a cash payment of six hundred thousand dollars less any accumulated royalties payable.

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Image Labs The shareholders of Image Labs will receive a 2.5% running earnout on the gross revenues derived from products associated with Image Labs including value added re-sales and custom engineering business segments. This segment specifically excludes anything received from our Catpro product lines. The royalty is payable quarterly so long as Reflect Scientific owns the Image Labs product line and services and as long as the business segment achieves an earnings before interest and taxes of 10% in the quarter the royalty payments are due. The royalty last for the life of the Image Labs shareholders.

Research and Development Costs During the Last Two Fiscal Years

From January 1, 2006, to December 31, 2006, we expended \$13,261 for research and development; during 2005, we expended \$804 for research and development. The majority of the research and development on our products was completed by the companies we purchased prior to our purchase of the companies. We expect research and development cost to increase in the future with our ownership of the new companies and product line.

Employees

As of December 13, 2007, subsequent to the balance sheet date, we had 38 employees on a full-time basis and 2 part time employees. None of our employees are represented under a collective bargaining agreement. We believe our relations with our employees to be good.

Reports to Security Holders

You may read and copy any materials that we file with the Securities and Exchange Commission at the Securities and Exchange Commissions Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also find all of the reports that we have filed electronically with the Securities and Exchange Commission at their Internet site www.sec.gov.

Management's Discussion and Analysis or Plan of Operations

Certain statements in this Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future

results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, among others, uncertainties relating to general economic and business conditions; industry trends; changes in demand for our products and services; uncertainties relating to customer plans and commitments and the timing of orders received from customers; announcements or changes in our pricing policies or that of our competitors; unanticipated delays in the development, market acceptance or installation of our products and services; changes in government regulations; availability of management and other key personnel; availability, terms and deployment of capital; relationships with third-party equipment suppliers; and worldwide political stability and economic growth. The words "believe", "expect", "anticipate", "intend" and "plan" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

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Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the unaudited Condensed Consolidated Financial Statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions. Reflect Scientific believes there have been no significant changes during the year ended December 31, 2006.

Reflect Scientific's accounting policies are more fully described in Note 1 of the consolidated financial statements. As discussed in Note 1, the preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about the future events that affect the amounts reported in the consolidated financial statements and the accompanying notes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual differences could differ from these estimates under different assumptions or conditions. Reflect Scientific believes that the following addresses Reflect Scientific's most critical accounting policies.

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

Our allowance for doubtful accounts is maintained to provide for losses arising from customers' inability to make required payments. If there is deterioration of our customers' credit worthiness and/or there is an increase in the length of time that the receivables are past due greater than the historical assumptions used, additional allowances may be required.

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (SFAS No. 109). Under SFAS No. 109, deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets will be reflected on the balance sheet when it is determined that it is more likely than not that the asset will be realized.

Plan of Operation

For the next 12 months, we see:

(1) A continued expansion of our core business through the development and commercialization of new products, that have already been identified, to meet existing market opportunities. This will be supported by an ongoing effort to create strategic marketing alliances that are targeted towards increasing net present value by optimizing cost and speed to market. Several new products are currently pending commercialization.

(2) The continuation of a complementary growth initiative, through strategic acquisitions, to improve our position with respect to tools, technologies and intellectual property as well as providing a near term increase in earnings.

(3) As part of an ongoing management process, our fund raising efforts and support for the above initiatives will be continuously reviewed and prioritized to ensure that returns are commensurate with levels of investment.

During 2006, we entered into material agreements with JSMT, LLC and Cryrometrix, Inc. These agreements resulted in the acquisition of strategic products and technologies that will allow us to increase our market penetration into the Life Sciences market.

During 2005 and 2006, we focused extensively on the acquisition of additional companies and their products and on the raising of capital to support our expanding operations. With the closing of the last acquisition in February 2007, we are changing our focus and management's efforts to more marketing and selling of the product line. Additionally, we are hopeful; we can reduce some of our expenses associated with consultants, attorneys and accountants without the need for outside support of the acquisitions.

Our Business Growth

Our sales have increased substantial from 2005 through September 2007, as we completed the acquisition of new companies and their products. We anticipate this trend to continue in the future as we continue to expand our marketing and sales efforts related to our product line. The long term growth of our product line is still unknown as we have only recently completed the final acquisitions. We are hopeful based on sales in the first six months of 2007, that the product lines are becoming commercially accepted and that sales will continue to increase.

We do not anticipate we will emphasize acquisitions as we have in the past and instead will focus on managing our current product line. This will require a focus from management on the sales of these products. We completed a capital raise in June 2007, with the hope we will be able to use the capital to aggressively market our products and pay for the expansion resulting from the acquisitions. We anticipate the future business growth over the next twelve months to come from our current product line.

Results of Operations

December 31, 2006 and 2005

Our revenues increased during the year ended December 31, 2006, to \$2,572,955 from \$2,241,069 for the year ended December 31, 2005, primarily as a result of increased business from our acquisitions.

Our cost of goods increased in the period ending December 31, 2006, as compared to December 31, 2005, to \$1,519,547 from \$1,323,883. The difference was partly as a result of increased sales and raw material price increases. The

percentage on gross margins for the two years was essentially unchanged.

Although sales increased, the increase was not sufficient to offset additional expenses as we expanded our operations in 2006. General and administrative expenses increased to \$1,303,598 during the year ended December 31, 2006, from \$380,845 during the year ended December 31, 2005. This was due to the issuance of common stock for services in the amount of \$446,315, a substantial increase in legal and accounting fees related to acquisitions, Securities and Exchange Commission regulations compliance and acquisition audits, business relocation costs and other one time costs relating to the acquisitions. We expanded operations in an effort to staff anticipated product development and product launches. We anticipate some expenses to be less in coming periods as we will not have the acquisition expenses at the levels we had in 2006 and in the first part of 2007.

With the acquisitions, our salaries increased from \$362,935 to \$779,579 from December 31, 2005 to December 31, 2006. This was a direct result of the acquisitions. We anticipate salaries will increase further as we search for

additional management personnel. We are hopeful, however, that we will be able to reduce expenses in other areas to somewhat offset future salary increases. One area we are hopeful in reducing expenses is the consulting, legal and accounting cost associated with the acquisitions.

As a result of the expenses associated with the acquisitions, we had a net loss of \$978,630 for the year ended December 31, 2006 compared to net income of \$38,163 before payment of preferred stock dividends for the year ended December 31, 2005. With many of the acquisitions not closing until towards the end of the year or in the first part of 2007, it will be difficult to compare last years results with future periods or expected results going forward. We are hopeful that sales will continue to increase and will be able to offset expenses going forward. Since we are in the initial phases of several product launches and these products are entering into new markets, the time frame until we reach profitability is still unknown.

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

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

Our cost of goods increased in the quarter ended September 30, 2007, as compared to September 30, 2006, to \$940,710 from \$417,351. The difference was primarily the result of increased sales resulting in an increase in cost.

General and administrative expenses decreased to \$513,928 in the quarter ended September 30, 2007, from \$724,569 for the quarter ended September 30, 2006. This was due to a substantial decrease in legal and accounting fees related to acquisitions. Overall, however, for the nine months ended September 30, 2007, our general and administrative cost increased to \$2,629,428 from \$1,053,099 for the corresponding period in 2006. This increase related to the acquisitions and private placements completed during the nine months ended September 30, 2007. We are hopeful the general and administrative cost over the last quarter, when we were not engaged in acquisitions or capital raising is more indicative of our long term general and administrative cost.

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

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

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

acquisitions and raw material price increases.

General and administrative expenses increased to \$2,629,428 in the nine months ended September 30, 2007, from \$1,053,099 for the Nine months ended September 30, 2006. This was due to a substantial increase in legal and accounting fees related to acquisitions, Securities and Exchange Commission regulations compliance, increased operational costs from new acquisitions, acquisition audits, amortization and other one time costs relating to the acquisitions.

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

Seasonality and Cyclicity

We do not believe our business is cyclical.

Liquidity and Capital Resources

December 31, 2006

Our cash resources at December 31, 2006, were \$271,038, with accounts receivable of \$389,591 and inventory of \$364,796. We have relied on revenues and sales of preferred stock for cash resources. As a result of capital raises, our working capital on December 31, 2006, was \$768,854. To complete acquisitions and to fund our expanding operations, much of the working capital was used in the first part of 2007 requiring us to raise additional capital which was completed in June 2007. This capital was used to increase our manufacturing resulting in increased inventory. We hope to devote some of the available cash to marketing to help increase sales over the next twelve months.

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

In 2006, net cash used by operating activities was approximately \$855,019 in cash as opposed to \$19,601 in 2005. The major changes were the result of the acquisitions and the cost to cover such acquisitions. We were able to offset the use of cash by raising additional equity in 2006. We are hopeful that in 2007, with the additional capital to focus on operations, including marketing, we will be able to reduce our loss for the year.

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

September 30, 2007

Our cash resources on September 30, 2007, were \$1,355,750, with accounts receivable of \$1,155,385 and inventory of \$820,540. Overall, our working capital increased to \$2,904,285 on September 30, 2007, from \$768,854 on December 30, 2006. The major factor in this increase was the closing of a private placement of \$2,500,000 in June 2007. We also saw a jump in our accounts receivables as we continue to increase sales with the completion of our acquisitions. With our current capital we believe we will have sufficient funds to continue our business plan over the next twelve months and to continue to expand operations. As sales increase, we are hopeful they will cover expenses.

In the future, we may issue additional debt or equity securities to satisfy our cash needs. Any debt incurred or issued may be secured or unsecured, at a fixed or variable interest rates and may contain other terms and conditions that our board of directors deems prudent. Any sales of equity securities may be at or below existing market prices. We cannot assure you that we will be successful in generating sufficient capital to adequately fund our liquidity needs. With additional capital, we believe we could further expand operations and sales. Management will continue to evaluate our capital needs over the next two quarters of 2007 to see how our capital needs to be allocate. Since we have only been operating since the first part of 2007 with all of the acquisitions complete, future sales as well as capital needs are still somewhat unknown. We believe sales will continue to increase and that our current capital should be sufficient for at least the next twelve months.

Off-Balance Sheet Arrangements

We have no off balance sheet arrangements.

Description of Property

Reflect Scientific operates out of three facilities.

Orem, Utah - This facility is a manufacturing and office facility with 6,000 square feet of space; we lease this facility at \$3,563 per month, with the lease term expiring on November 30, 2008.

San Jose, California - This facility is a manufacturing, office and showroom facility with 10,944 square feet of space; we lease this facility at \$9,489 per month, with the lease term expiring on December 31, 2009.

Bozeman, Montana - This facility is a manufacturing and office facility with 9,140 square feet of space; we lease this facility at \$7,617 per month, with the lease term expiring on June 30, 2010.

Certain Relationships and Related Transactions

We believe that all purchases from or transactions with affiliated parties were on terms and at prices substantially similar to those available from unaffiliated third parties.

There were no material transactions, or series of similar transactions, during our Company's last fiscal year, or any 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 exceeded the lesser of \$120,000 or one percent of the average of our total assets at year-end for the last three completed fiscal years and in which any director, executive officer or any security holder who is known to us to own of record or beneficially more than five percent of any class of our common stock, or any member of the immediate family of any of the foregoing persons, had an interest.

There were no material transactions, or series of similar transactions, during our Company's last five fiscal years, or any currently proposed transactions, or series of similar transactions, to which we or any of our subsidiaries was or is to be a party, in which the amount involved exceeded \$120,000 and in which any promoter or founder of ours or any member of the immediate family of any of the foregoing persons, had an interest.

Market for Common Equity and Related Stockholder Matters

Since July 6, 2005, our common stock has been listed under the symbol RSCF on the OTCBB. Prior to July 6, 2005, our stock traded under the symbol COLH since its initial listing on May 24, 2001. The following table represents the high and low per share bid information for our common stock for each quarterly period in fiscal 2007, 2006 and 2005. Such high and low bid information reflects inter-dealer quotes, without retail mark-up, mark down or commissions and may not represent actual transactions.

	<u>2007</u>		<u>2006</u>		<u>2005</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
Quarter ended March 31	\$ 1.15	\$ 0.92	\$ 2.00	\$ 1.45	\$ 0.30	\$ 0.25
Quarter ended June 30	\$ 1.75	\$ 0.99	\$ 1.69	\$ 1.20	\$ 0.30	\$ 0.30
Quarter ended September 30	\$ 1.88	\$ 1.12	\$ 1.22	\$ 0.90	\$ 1.82	\$ 0.30
Quarter ended December 31	--	\$ --	\$ 1.30	\$ 0.91	\$ 1.97	\$ 1.21

As of December 13, 2007, there were 34,019,483 shares of our common stock outstanding. On November 19, 2007, the high and low bid price for our common stock was \$1.50 and \$1.45, respectively.

Possible Sale of Common Stock Pursuant to Rule 144

Reflect Scientific has previously issued shares of common stock that constitute restricted securities as that term is defined in Rule 144 adopted under the Securities Act. Subject to certain restrictions, such securities may generally be sold in limited amounts under the current rules one year after their acquisition. Under recently approved rules by the Securities and Exchange Commission, the one year holding period is being reduced to six months. In 2006, Reflect Scientific issued 5,142,175 shares of common stock to shareholders as part of acquisitions and to help raise capital. Additionally in January 2007, we issued 2,000,000 shares of common stock as part of an acquisition and in February 2007 we issued another 525,000 shares as part of a separate acquisition. The shares issued in 2006 will all become available for resale under Rule 144 in the next few months. Additionally, the shares issued in 2007 will become available for resale under Rule 144 in early 2008. Generally, shares held for more than one year under the current rules, and once instituted six months under the new rules, may be sold if certain conditions are met and after two years without any limitations or conditions if held by non-affiliates. For shares held less than two years, a seller can only sell up to one percent of the company's issued and outstanding shares of common stock during a 90 day period. In order to sell the shares after one year, Reflect Scientific will have to have current public information available and the shares will have to be sold in a market transaction through a broker-dealer. After two years, these limitations do not apply unless the seller is an affiliate of Reflect Scientific under the current rules. Under the new rules, once they go into effect in early 2008, the holding period of Rule 144 to six months for non-affiliates. If these new proposals are instituted, the shares held after six months, would be available for sale. Shares held by an affiliate would also be available for resale but subject to volume limitations. With the number of shares potentially becoming available for resale, there could be a depressive effect on our stock price.

Shareholders

As of December 13, 2007, Reflect Scientific had 183 shareholders of record this number does not include an indeterminate number of stockholders whose shares may be held by brokers in street name.

Control by Existing Shareholders

Currently, current management has over 50% control of the issued and outstanding shares of our common stock. Unless the Debentures are converted and Warrants exercised, current management will continue to have control over matters brought to a vote of shareholders. As a result, the person currently in control of Reflect Scientific will most likely continue to be in a position to elect at least a majority of the Board of Directors of Reflect Scientific, to dissolve, merge or sell the assets of Reflect Scientific, and generally, to direct the affairs of Reflect Scientific.

Dividends

We have not declared any cash dividends with respect to our common stock, and do not intend to declare dividends in the foreseeable future. Our future dividend policy cannot be ascertained with any certainty. There are no material restrictions limiting, or that are likely to limit, our ability to pay dividends on our securities.

Transfer Agent

Reflect Scientific's transfer agent is Interwest Stock Transfer Company, 1981 Murray-Holliday Road, Salt Lake City, Utah 84117, Telephone (801) 272-9294.

Reports to Shareholders

Reflect Scientific will prepare and file an annual report on Form 10KSB with the Securities and Exchange Commission which report will contain audited financial statements. We intend to file this report within 90 days of the end of our fiscal year. This report will be available over the internet at the Securities and Exchange Commission web site www.sec.gov. We will also supply this report to any shareholders who request it. In addition, Reflect Scientific may, from time to time, issue unaudited interim reports and financial statements, as may be required under the Securities Exchange Act of 1934, as amended. These reports will also be supplied to any shareholders who request it and be available for review on the SEC web site.

Recent Sales of Unregistered Securities

During the last three years, we issued the following unregistered securities:

Common Stock Issued in Reflect California Reorganization Completed December 31, 2003

Name and Address*	Number of Shares Owned of Reflect California	Number of Shares of Our Common Stock Received in Exchange
Kim Boyce	8,171	18,723,250
Michael Dancy	43.6	100,000
Diversified Instruments, LLC	733.8	1,681,500
David Nelson	43.6	100,000
SCS, Inc.	1,008	2,310,199
Totals	10,000	22,914,949

During the year ended December 31, 2005, we sold 700,000 shares of our 2004 Series A Convertible Preferred Stock at an offering price of \$1.00 per share to 26 persons who were accredited investors as that term is defined in Regulation D of the Securities and Exchange Commission.

During the calendar year ended December 31, 2005, 690,000 shares of this class of our preferred stock were converted by the holders thereof into 1,150,002 shares of our common stock.

Effective May 6, 2005, we issued 380,000 shares of our common stock to eleven persons, which included three of our directors and executive officers, for services rendered and valued at approximately \$0.03 per share.

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

In 2006, we issued 400,000 shares of our common stock for \$0.80 per shares; and 1,073,500 shares of our common stock for \$1.00 per share in two separate private placements. Additionally, in 2006, we issued 415,000 and 53,675 shares of our common stock for services.

In 2006, we also issued 200,000 shares in connection with the JMST acquisition; and 3,000,000 shares in connection with the Cryometrix merger.

On January 29, 2007, we issued 2,000,000 shares of our common stock to the four shareholders of All Temp as part of the acquisition of All Temp and on February 29, 2007 we issued 525,000 shares of our common stock to the one shareholder of Image Labs.

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

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

On June 29, 2007, Reflect Scientific pursuant to the securities purchase agreement sold to five institutional investors convertible debentures in the aggregate principal amount of \$2,500,000 and stock purchase warrants exercisable over a five year period for 3,846,154 shares of common stock (the Warrants) in a private placement. All purchasers are accredited investors and a form D was filed covering this transaction. The selling shareholders all purchased in this placement.

We issued all of these securities to persons who were accredited investors or sophisticated investors as those terms are defined in Regulation D of the Securities and Exchange Commission; and each such investor had prior access to all material information about us. We believe that the offer and sale of these securities were exempt from the registration requirements of the Securities Act, pursuant to Sections 4(2) and 4(6) thereof, and Rule 506 of Regulation D of the Securities and Exchange Commission. Sales to accredited investors are preempted from state regulation.

Executive Compensation

The following table sets forth, for the fiscal years indicated, all compensation awarded to, earned by or paid to Reflect Scientific's chief executive officer and each of the other executive officers who were serving as executive officers at December 31, 2004 (collectively referred to as the "Named Executives"). No other executive officer serving from 2002 to 2004 received compensation greater than \$100,000.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation (\$)	All Other Compensation (\$)	Total Earnings (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Kim Boyce President & Director	12/31/06	\$105,000	0	0	0	0	0	0	\$105,000
Tom Tait VP & Director	12/31/05	\$105,000	0	0	0	0	0	0	\$105,000
	12/31/04	\$108,132	0	0	0	0	0	0	\$108,132
	12/31/06	\$60,000	0	*	0	0	0	0	\$60,000
	12/31/05	\$50,769	0	*	0	0	0	0	\$50,769
Kevin Cooksy Sec/Treas	12/31/06	0	0	*	0	0	0	0	0
	12/31/05	0	0	*	0	0	0	0	0
Craig D. Morrison, MD	12/31/06	0	0	*	0	0	0	0	0
Director	12/31/05	0	0	*	0	0	0	0	0
Pamela Boyce	12/31/04	\$53,362	0	0	0	0	0	0	\$53,362
Former S/T									

* Effective August 28, 2006, the following persons were issued the following shares of our common stock that were

restricted securities, for services rendered and all valued at approximately \$0.03 per share: Tom Tait, 75,000 shares; Kevin Cooksy, 15,000 shares; Craig D. Morrison, M.D., 10,000 shares.

* Effective May 6, 2005, the following persons were issued the following shares of our common stock that were restricted securities, for services rendered and all valued at approximately \$0.03 per share: Tom Tait, 50,000 shares; Kevin Cooksy, 25,000 shares; Craig D. Morrison, M.D., 100,000 shares; and Pamela Boyce, 50,000 shares.

Outstanding Equity Awards**Outstanding Equity Awards At Fiscal Year-End**

<u>Name</u>	<u>Option Awards</u>				<u>Option</u> <u>Expiration</u> <u>Date</u>	<u>Stock</u> <u>Awards</u>			
	<u>Number of</u> <u>securities</u> <u>underlying</u> <u>unexercised</u> <u>Options (#)</u> <u>Exercisable</u>	<u>Number of</u> <u>Securities</u> <u>Underlying</u> <u>Unexercised</u> <u>Options (#)</u> <u>Unexercisable</u>	<u>Equity</u> <u>Incentive</u> <u>Plan</u> <u>Awards:</u> <u>Number of</u> <u>Securities</u> <u>Underlying</u> <u>Unexercised</u> <u>Options (#)</u>	<u>Option</u> <u>Exercise</u> <u>Price (\$)</u>		<u>Market</u> <u>Value</u> <u>of</u> <u>Shares</u> <u>or Units</u> <u>of Stock</u> <u>That</u> <u>Have</u> <u>Not</u> <u>Vested</u> <u>(#)</u>	<u>Market</u> <u>Value</u> <u>of</u> <u>Shares</u> <u>or Units</u> <u>of Stock</u> <u>That</u> <u>Have</u> <u>Not</u> <u>Vested</u> <u>(\$)</u>	<u>Equity</u> <u>Incentive</u> <u>Plan</u> <u>Awards:</u> <u>Number</u> <u>of</u> <u>Unearned</u> <u>Shares</u> <u>Units or</u> <u>Other</u> <u>Rights</u> <u>That Have</u> <u>Not</u> <u>Vested (#)</u>	<u>Equity</u> <u>Incentive</u> <u>Plan</u> <u>Awards</u> <u>Market or</u> <u>Payout</u> <u>Value of</u> <u>Unearned</u> <u>Shares,</u> <u>Units or</u> <u>Other</u> <u>Rights</u> <u>That Have</u> <u>Not</u> <u>Vested (#)</u>
None	None	None	None	None	None	None	None	None	None

Compensation of Directors

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
None	None	None	None	None	None	None	None

Option/SAR Grants in Last Fiscal YearStock Option Exercise

In fiscal 2006, none of the named executives exercised any options to purchase shares of common stock.

Long-Term Incentive Plan (LTIP)

There were no awards granted during fiscal year 2006 under a long-term incentive plan.

Board of Directors Compensation

Each director may be paid his expenses, if any, of attendance at each meeting of the board of directors, and may be paid a stated salary as director or a fixed sum for attendance at each meeting of the board or directors or both. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefore. We did not compensate our directors for service on the Board of Directors during fiscal 2006 or 2005.

No other compensation arrangements exist between Reflect Scientific and our Directors.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

Reflect Scientific does not have employment contracts with Kim Boyce, Tom Tait or other officers. As part of the acquisition of several companies, we obtained employment contracts on four individuals. These employment contracts were aimed at non-compete and shop right issues. No other compensatory plan or arrangements exist between Reflect

Scientific and our executive officers that results or will result from the resignation, retirement or any other termination of such executive officer's employment with Reflect Scientific or from a change-in-control of the Company.

Report on Repricing of Options/SARs

We have not adjusted or amended the exercise price of stock options or SARs previously awarded to any executive officers.

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Report on Executive Compensation

The Board of Directors determines the compensation of Reflect Scientific's executive officer and president and sets policies for and reviews with the chief executive officer and president the compensation awarded to the other principal executives, if any. The compensation policies utilized by the Board of Directors are intended to enable Reflect Scientific to attract, retain and motivate executive officers to meet our goals using appropriate combinations of base salary and incentive compensation in the form of stock options. Generally, compensation decisions are based on contractual commitments, if any, as well as corporate performance, the level of individual responsibility of the particular executive and individual performance. During the fiscal year ended December 31, 2006, Reflect Scientific's chief executive officer was Kim Boyce, other executive officers included Tom Tait, vice president and Kevin Cooksy, Secretary/Treasure.

Base salaries for Reflect Scientific's executive officers are determined initially by evaluating the responsibilities of the position held and the experience of the individual, and by reference to the competitive marketplace for management talent, including a comparison of base salaries for comparable positions at comparable companies within Reflect Scientific's industry.

Reflect Scientific believes that its salaries are below average as compared to its competitors. Annual salary adjustments are determined by evaluating the competitive marketplace, the performance of Reflect Scientific, the performance of the executive, particularly with respect to the ability to manage the growth of Reflect Scientific, the length of the executive's service to Reflect Scientific and any increased responsibilities assumed by the executive.

Code of Ethics

We have adopted a Code of Ethics that applies to all of our directors and executive officers serving in any capacity for our Company, including our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions.

Board of Directors Interlocks and Insider Participation in Compensation Decisions

No such interlocks existed or such decisions were made during fiscal year 2006.

Financial Statements

The following consolidated financial statements, notes thereto, and the related independent registered public accounting firm's report contained on page F-1 to our consolidated financial statements are herein incorporated:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets - December 31, 2006

Consolidated Statements of Operations - Years ended December 31, 2006 and 2005

Consolidated Statements of Stockholders' Equity (Deficit)

Years ended December 31, 2006 and 2005

Consolidated Statements of Cash Flows

Years ended December 31, 2006 and 2005

Notes to Consolidated Financial Statements

Years ended December 31, 2006 and 2005

Condensed Consolidated Balance Sheets September 30, 2007 (unaudited)

Condensed Consolidated Statements of Operations

Three and six months ended September 30, 2007 and 2006 (unaudited)

Condensed Consolidated Statements of Cash Flows

Three and six months ended September 30, 2007 and 2006 (unaudited)

Notes to Condensed Consolidated Financial Statements

Three and six months ended September 30, 2007 and 2006 (unaudited)

Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None

ADDITIONAL INFORMATION

Reflect Scientific has filed this registration statement on Form SB-2 under the Securities Act with the Commission, SEC File No. 333-141482, under the Securities Act with respect to the securities offered by this prospectus. This prospectus omits certain information contained in the registration statement. For further information, reference is made to the registration statement and to the exhibits and other schedules filed therewith. Statements contained in this prospectus as to the contents of any contract or other document referred to are not necessarily complete, and where such contract or document is an exhibit to the registration statement, each such statement is deemed to be qualified and amplified in all respects by the provisions of the exhibit. Copies of the complete registration statement, including exhibits, may be examined without charge at the Commission's principal offices in Washington, D.C., and copies of all or any part of the filed materials may be obtained from the Public Reference Section of the Commission, at 450 Fifth Street, N.W., Washington, D.C. 20549, on payment the usual fees for reproduction, or may be obtained from the Commission's

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders of
Reflect Scientific, Inc. and Subsidiaries
Orem, Utah

We have audited the accompanying consolidated balance sheet of Reflect Scientific, Inc. and Subsidiaries as of December 31, 2006, and the related consolidated statements of operations, stockholder's equity and cash flows for the years ended December 31, 2006 and 2005. 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 consolidated financial position of Reflect Scientific, Inc. and Subsidiaries as of December 31, 2006, and the results of

their operations and their cash flows for the years ended December 31, 2006 and 2005 in conformity with accounting principles generally accepted in the United States of America.

The Company has restated the consolidated financial statements to correct the valuation of its acquisition of certain intangible assets, which is described in Note 11. The Company has also added Note 12 to better describe its acquisition and valuation of a business.

/s/HJ & Associates, LLC

HJ & Associates LLC

Salt Lake City, Utah

March 20, 2007, except for Notes 11 and 12 as to which the date is May 21, 2007

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C O N T E N T S

Report of Independent Registered Public Accounting Firm F-2

Consolidated Balance Sheet F-4

Consolidated Statements of Operations F-6

Consolidated Statements of Shareholder's Equity F-7

Consolidated Statements of Cash Flows F-8

Notes to the Consolidated Financial Statements F-9

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REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Consolidated Balance Sheet

ASSETS

31, December
2006

(Restated)

CURRENT ASSETS

Cash	\$ 271,038
Accounts receivable (Note 2)	389,591
Inventory (Note 4)	364,796
Prepaid assets	13,852
Total Current Assets	1,039,277

FIXED ASSETS, NET (Note 3)	211,021
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OTHER ASSETS

Intangible assets, net	4,736,827
Income tax receivable	25,948
Deferred tax asset	316,000
Deposits	13,400
Total Other Assets	5,092,175

TOTAL ASSETS	\$ 6,342,473
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The accompanying notes are an integral part of these consolidated financial statements.

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REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Consolidated Balance Sheet (Continued)

LIABILITIES AND SHAREHOLDERS EQUITY

December 31,

2006

(Restated)

CURRENT LIABILITIES

Short term loan	\$	18,353
Accounts payable		225,721
Accrued expenses		25,949
Income taxes payable		400
Total Current Liabilities		270,423

NON-CURRENT LIABILITIES

Notes payable		61,706
Total Liabilities		332,129

COMMITMENTS AND CONTINGENCIES (Note 5)

SHAREHOLDERS EQUITY

Preferred stock, \$0.01 per value, authorized 5,000,000 shares; No shares issued and outstanding	-
Common stock, \$0.01 par value, authorized 50,000,000	

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shares; 30,688,844 shares issued and outstanding	306,889
Additional paid in capital	6,979,735
Subscription receivable	257,251
Accumulated deficit	(1,533,531)
Total Shareholders' Equity	6,010,344
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 6,342,473

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

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REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Consolidated Statements of Operations

	For the Years Ended	
	December 31,	
	<u>2006</u>	<u>2005</u>
REVENUES	\$2,572,955	\$2,241,069
COST OF GOODS SOLD	<u>1,519,547</u>	<u>1,323,883</u>
GROSS PROFIT	<u>1,053,048</u>	<u>917,186</u>
OPERATING EXPENSES		
Salaries and wages	779,579	362,935
Payroll taxes	35,767	29,495
Rent expense	62,906	79,587
General and administrative	<u>1,303,598</u>	<u>380,845</u>
Total Operating Expenses	<u>2,181,850</u>	<u>852,862</u>
OPERATING INCOME (LOSS)	<u>(1,128,442)</u>	<u>64,324</u>
OTHER EXPENSES		
Forgiveness of debt	(200,000)	-
Other income	23,707	-
Loss on sale of asset	(16,618)	-
Interest expense	<u>(25)</u>	<u>(9,261)</u>
Total Other Expense	<u>(192,936)</u>	<u>(9,261)</u>
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	(1,321,378)	55,063
Income tax expense	<u>(342,748)</u>	<u>16,900</u>
NET INCOME (LOSS)	<u>\$(978,630)</u>	<u>\$38,163</u>

Preferred distribution dividends	_____ -	<u>(700,000)</u>
NET INCOME (LOSS) APPLICABLE TO COMMON SHAREHOLDERS	<u>\$(978,630)</u>	<u>\$(661,837)</u>
BASIC AND FULLY DILUTED EARNINGS PER SHARE	<u>\$(0.03)</u>	<u>\$(0.03)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	28,432,024	24,441,014

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

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REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Consolidated Statements of Shareholders Equity

	<u>Preferred Stock</u>		<u>Common Stock</u>				
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Stock Subscription	Accumulated Deficit
Balance, December 31, 2004		- \$ -	24,000,000	\$240,000	\$(183,319)	-	\$106,036
Preferred Stock issued for cash	436,000	4,360	-	-	431,640	-	-
Preferred stock issued for cash	264,000	2,640	-	-	261,360	-	-
Common stock issued for services	-	-	380,000	3,800	5,256	-	-
Conversion of preferred stock into common stock	(690,000)	(6,900)	1,150,002	11,500	(4,600)	-	-
Beneficial conversion of convertible preferred stock	-	-	-	-	700,000	-	-
Amortization of beneficial conversion feature of convertible preferred stock	-	-	-	-	-	-	(700,000)
Net income for the year ended December 31, 2005	-	-	-	-	-	-	38,163
Balance, December 2005	10,000	\$ 100	25,530,002	\$255,300	\$1,210,337	-	\$(554,901)
Common stock issued for cash	-	-	400,000	4,000	316,000	-	-
Common stock issued pursuant to merger with Cryomastor	-	-	3,000,000	30,000	3,720,000	-	-

Common stock issued
pursuant to JM SciTech,
LLC purchase (restated)

	-		200,000	2,000	158,000		-
Common stock issued for cash	-		1,073,500	10,735	1,062,765		-
Common stock issued for services	-		415,000	4,150	390,100		-
Common stock issued for commissions	-		53,675	537	51,528		-
Stock offering costs	-		-	-	(52,065)		-
Common stock subscription	-		-	-	-	257,251	-
Conversion of							
Preferred shares (10,000)	(100)		16,667	167	(67)	-	-
Contributed Capital	-	-	-	-	123,127	-	-
Net loss for the year ended December 31, 2006	-		-	-	-		(978,630)
Balances, December 31, 2006 (restated)	- \$	-	30,688,844	\$306,889	\$6,979,735	\$257,251	\$(1,533,531)

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

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REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Consolidated Statements of Cash Flows

	For the Years Ended	
	December 31,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$(978,630)	\$38,163
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	11,238	3,299
Amortization	123,173	5,600
Common stock issued for services	446,315	9,056
Loss on sale of asset	16,618	-
Changes in operating assets and liabilities:		
Increase in accounts receivable	(72,317)	(36,101)
Increase in inventory	(59,112)	(45,672)
Increase in income tax receivable	(25,948)	-
Increase in prepaid asset	(9,489)	(3,563)
Increase in other asset	(324,050)	-
Increase in accounts payable and accrued expenses	<u>17,183</u>	<u>9,617</u>
Net Cash Used by Operating Activities	<u>(855,019)</u>	<u>(19,601)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for fixed assets	(217,927)	-
Cash paid for intangible assets	<u>(1,354,905)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(1,572,832)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in long term line of credit	18,353	(269,036)
Notes payable	61,706	-
Proceeds from stock subscription	257,251	-
Proceeds from common stock issuance	2,311,605	-
Proceeds from preferred stock issuance	<u>-</u>	<u>700,000</u>
Net Cash Provided by Financing Activities	<u>2,648,915</u>	<u>430,964</u>
NET (INCREASE) DECREASE IN CASH	(221,064)	411,363

CASH AT BEGINNING OF PERIOD	<u>492.102</u>	<u>80.739</u>
CASH AT END OF PERIOD	<u>\$271.038</u>	<u>\$492.012</u>

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash Paid For:

Interest	\$ 25	\$ 9,961
Income taxes	\$ 6,008	\$ -

NON-CASH FINANCING ACTIVITIES:

Common stock issued for services	\$ 446,315	\$ 9,056
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The accompanying notes are an integral part of these consolidated financial statements.

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REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006 and 2005

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 Agreement) the Company completed a reverse merger with the shareholders of Reflect Scientific, Inc. in which it acquired 100% of Reflect Scientific, Inc., the California corporation, in exchange for 22,914,949 common shares of the Company. The terms of the acquisition are detailed in an 8-K filing dated December 31, 2003. Under the terms of the Agreement, the President of Reflect Scientific, Inc. became the President of the Company and was elected to the Board of Directors, the acquisition was accounted for as a recapitalization of Reflect Scientific, Inc. because the members of Reflect Scientific, Inc. controlled the Company after the acquisition. Reflect Scientific, Inc. was treated as the acquiring entity for accounting purposes and Cole, Inc. was the surviving entity for legal purposes. There was no adjustment to the carrying values of the assets or liabilities of Reflect Scientific, Inc. and no goodwill was recorded. The operations for the year ended December 31, 2006 and 2005 are those of Reflect Scientific, Inc.

Cryomastor, Inc., a California corporation, was acquired in its entirety through an Agreement and Plan of Merger the (the Merger Agreement) on June 27, 2006 where the Company issued 3,000,000 shares of common stock as well as paid \$700,000 in cash to Cryomastor shareholders. In addition John Dain was agreed to be paid \$300,000 for the assignment of a key product patent to the Company. The acquired assets will allow Reflect Scientific to manufacture and market cryogenic storage systems without significant investment in infrastructure. Cryomastor changed its name to Cryometrix, Inc. in connection with the closing of the Merger Agreement.

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.

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REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006 and 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

d. Accounts Receivable

The Company writes off trade receivables when deemed uncollectable. The Company expensed \$0 and \$0 to bad debt expense for the years ended December 31, 2006 and 2005, respectively. The allowance for doubtful accounts balance at December 31, 2006 was \$0.

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 was paid in full as of December 31, 2005. These capitalized costs were being amortized on a straight line basis over the term of the related debt. As of December 31, 2005 all capitalized loan costs had been expensed. Amortization expense related to these costs was \$0 and \$5,600 in 2006, and 2005, respectively.

g. Advertising Expense

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company recognized \$8,928 and \$1,034 of advertising expense during the years ended December 31, 2006, and 2005, respectively.

h. Newly Issued Accounting Pronouncements

In April 2006, the FASB issued FASB Staff Position FIN 46(R)-6, *Determining the Variability to be Considered in Applying FASB Interpretation No. 46(R)* that became effective for the third quarter of 2006. FSP FIN No. 46(R)-6 clarifies that the variability to be considered in applying Interpretation 46(R) shall be based on an analysis of the design of the variable interest entity. The adoption of this standard did not materially impact the Company's consolidated financial statements.

In March 2005, the FASB issued FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47). FIN 47 provides guidance relating to the identification of and financial reporting for legal obligations to perform an asset retirement activity. The Interpretation requires recognition of a

REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006 and 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Newly Issued Accounting Pronouncements (Continued)

liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. FIN 47 also defines when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. The provision is effective no later than the end of fiscal years ending after December 15, 2005. The Company will adopt FIN 47 beginning the first quarter of fiscal year 2006 and does not believe the adoption will have a material impact on its consolidated financial position or results of operations or cash flows.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the Company's financial statements in accordance with FASB Statement No. 109 *Accounting for Income Taxes*. FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a return, as well as guidance on derecognition, classification, interest and penalties and financial statement reporting disclosures. FIN 48 is effective for the Company on January 1, 2007. Based on the Company's evaluation and analysis, FIN 48 is not expected to have a material impact on the Company's consolidated financial statements.

In February of 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments*, which is intended to simplify the accounting and improve the financial reporting of certain hybrid financial instruments (i.e., derivatives embedded in other financial instruments). The statement amends SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* a replacement of FASB Statement No. 125. SFAS No. 155 is effective for all financial instruments issued or acquired after the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company does not expect the adoption of SFAS No. 155 to have an impact on its consolidated financial statements.

In September 2006, the FASB issued FASB Statement No. 157, *Fair Value Measurements* (FAS 157), which addresses how companies should measure fair value when they are required to use a fair value measure for recognition or disclosure purposes under generally accepted accounting principles. The FASB believes that the new standard will make the measurement of fair value more consistent and comparable and improve disclosures about those measures. FAS 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the requirements and impact of FAS 157 on the Company's consolidated financial statements, and will adopt the provisions on January 1,

2008. FAS 157 is not expected to have a material impact on the Company's consolidated financial statements.

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REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006 and 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Newly Issued Accounting Pronouncements (Continued)

Also in September 2006, the FASB issued FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132- R* (FAS 158). FAS 158 requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity. FAS 158 also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position. This statement is effective for the Company as of December 31, 2006, but did not have an impact on the Company's consolidated financial statements as the Company does not sponsor a defined benefit pension or postretirement plan.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements* (SAB 108), which provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. The adoption of this standard did not materially impact the Company's consolidated financial statements.

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,

2006

2005

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Net Income (Numerator)	\$ (978,630)	\$ (661,837)
Shares (denominator)	<u>28,432,024</u>	<u>24,441,014</u>
Per share amount	<u>\$ (0.03)</u>	<u>\$ (0.03)</u>

As of December 31, 2006, the Company had no shares of 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.

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REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006 and 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Income Taxes

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.

The provision (benefit) for income taxes for the year ended December 31, 2006 and 2005 consist of the following:

	2006	2005
Federal:		
Current	\$ (269,623)	\$ 21,046
Deferred		(4,542)
State:		
Current	100	2,031
Deferred	(46,470)	(1,635)
	\$ (315,993)	\$ 16,900

Net deferred tax assets consist of the following components as of December 31, 2006 and 2005:

	2006	2005
Deferred tax assets:		
NOL Carryover	\$ 315,993	\$ -

Deferred tax liabilities

Depreciation	-	(32,823)
--------------	---	----------

Valuation allowance	-	-
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Net deferred tax liability	\$ 315,993	\$ (32,823)
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The income tax provision differs from the amount of income tax determined by applying the U.S. federal and state income tax rates of 34% to pretax income from continuing operations for the year ended December 31, 2006, and 2005, due to the following:

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REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006 and 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Income Taxes (Continued)

	2006	2005
Book Tax Expense	\$ (451,284)	\$ 18,612
Meals & Entertainment	1,398	2,423
Stock for Services	134,045	3,060
Depreciation	(152)	509
Income Tax Expense	-	(1,527)
	\$ (315,993)	\$ 23,077

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 Scientific, Inc., the California corporation, 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 subsidiaries, which included Cole, Inc. and Cryomastor, which are wholly owned. All material intercompany accounts and transactions are eliminated in consolidation.

m. Research and Development

The Company accounts for research and development costs in accordance with the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 2 ("SFAS 2"), "Accounting for Research and Development Costs". Under SFAS 2, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and developments costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company had \$13,261 and \$804 in research and product development for the years ended December 31, 2006 and 2005, respectively.

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:

REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006 and 2005

NOTE 3 - FIXED ASSETS (Continued)

	December 31, 2006
Machinery and equipment	\$ 162,459
Furniture and fixtures	16,826
Computer and office equipment	23,254
Leasehold improvements	21,555
Accumulated depreciation	(13,073)
Total Fixed Assets	\$ 211,021

Depreciation expense for the years ended December 31, 2006, and 2005, was \$11,238 and \$3,299, respectively.

NOTE 4 - INVENTORIES

Inventory consisted of the following at December 31, 2006:

Finished goods	<u>\$ 364,796</u>
Total Inventory	<u>\$ 364,796</u>

NOTE 5- 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.

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

Years ending	Amount
December 31,	
2007	\$ 157,188
2008	165,048
2009	127,272
2010	-
2011	-
Total	\$ 449,508

Rent expense was \$62,906 and \$79,587 for the years ended December 31, 2006, and 2005, respectively.

Automobile lease expense was \$11,097 and \$10,673 for the years ended December 31, 2006, and 2005, respectively.

NOTE 6- CAPITAL LEASES

During the year the company entered into two capital lease arrangements for the purchase of equipment. Payments are due in 60 and 36 monthly installments of \$920 and \$1,101. The leases have a stated interest rate of 8.3%

REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006 and 2005

NOTE 6- CAPITAL LEASES (continued)

Aggregate maturities on the capital leases as of December 31, 2006, are due in future years as follows:

2007	\$	18,353
2008		19,936
2009		21,655
2010		10,400
2011		9,715
		80,059
Less current portion		18,353
	\$	61,706

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 . During the year ended December 31, 2005, theses shares were offered in a private placement. As of December 31, 2006, no shares of the preferred stock are issued and outstanding.

Dividends

The holders of the Series A Preferred Stock are entitled to dividends at the rate of 8 percent per year of the liquidation preference of \$1.00 per share, payable annually, if and when declared by the board of directors. Dividends are not cumulative and the board of directors are under no obligation to declare dividends.

Convertibility

Upon the approval of the Board of Directors, Series A Preferred Stock may be convertible into the Company's common stock by dividing \$1.00 plus any unpaid dividends by 50% of the five day average closing bid price of the common shares.

During 2005, the Company sold 700,000 shares of Series A Convertible Preferred Stock in exchange for proceeds of \$700,000. As a result of the beneficial conversion feature inherent in the conversion rights and preferences of Series A Preferred Stock, the Company has recognized a deemed dividend of \$700,000. This deemed dividend was calculated based on the conversion price above at the time of conversion. Because the Company does not have sufficient retained earnings, dividends were recorded in additional paid-in-capital and have a net effect of zero in that account and is therefore not presented on the statement of shareholders' equity as a separate item. This beneficial conversion feature was recorded to additional paid in capital and will be recorded as a deemed dividend to preferred shareholders (accretion) over the period to the instruments earliest conversion date.

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REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006 and 2005

NOTE 7 - PREFERRED STOCK (continued)

Convertibility (continued)

In November, 2005, 690,000 shares of Preferred Stock were converted into 1,150,002 shares of Common Stock at \$0.60 per share.

During 2006, the remaining 10,000 shares of Preferred Stock were converted into 16,667 shares of Common stock.

NOTE 8 - COMMON STOCK TRANSACTIONS

During the year ended December 31, 2006, the Company issued 468,675 shares of common stock for services valued at \$446,315; 1,473,500 shares issued for cash of \$1,393,500; 3,000,000 shares issued pursuant to the merger with Cryomastor for \$3,750,000; 200,000 shares issued pursuant to the purchase of JMST for \$160,000; and 16,667 shares issued for the conversion of Preferred Stock.

NOTE 9 - 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 \$2,045,506 and \$1,914,824 or 80% and 85%, of sales for the years ended December 31, 2006, and 2005, respectively. These same three customers also account for \$295,120 and \$317,274, or 76% and 86%, of the total accounts receivable balance at December 31, 2006, and 2005, respectively.

NOTE 10 - 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. As of January 19, 2007, the purchase was completed.

Effective November 15, 2006, the Company entered into an Agreement and Plan of Merger (the Merger Agreement) with Image Labs. Pursuant to the Merger Agreement and an Addendum dated February 28, 2007, the Company issued 525,000 shares of its common stock that are restricted securities and paid \$200,000 to the Image Labs sole shareholder. They also agreed to pay the Image Labs sole shareholder a 2.5% Running Earnout Purchase Price and executed and delivered various Employment Agreements. As of March 6, 2007, the merger was completed.

NOTE 11 -ACQUISITION OF JMST TECHNOLOGY

On March 27, 2006, the Company completed a private placement of its securities pursuant to Section 4(2) of the Securities Act of 1933, as amended (the Securities Act), and/or Rule 506 of Regulation D, resulting in 400,000 shares being sold at \$.80 per share. These restricted securities were sold for the purpose of raising cash to purchase patents from Dr. David Carver.

REFLECT SCIENTIFIC, INC. AND SUSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006 and 2005

NOTE 11 -ACQUISITION OF JMST TECHNOLOGY (Continued)

In a separate transaction the Company issued 200,000 restricted securities to JMST shareholders to acquire the JMST product technology and potential customers list. The Company originally valued these shares at \$1.70 which was the value of the shares as quoted on the OTC BB. The 200,000 shares of common stock issued in the JMST acquisition were restricted securities and similar in all respects to the 400,000 shares which had been sold days earlier for cash at \$.80 per share. Accordingly, management has now determined that the common stock issued in the JMST acquisition should have been valued at \$.80 per share, which was the fair value of the common stock at the time of issuance. The effect of the restatement is as follows:

Consolidated Balance Sheet as of December 31, 2006:

		As Originally		
		Reported	As Adjusted	Effect of Change
Intangible assets	\$	4,916,827	\$ 4,736,827	\$ (180,000)
Additional paid in capital	\$	(7,159,735)	\$ (6,979,735)	\$ 180,000

The December 31, 2006 balance sheet and footnotes reflect the above changes.

NOTE 12 ACQUISITION OF CRYOMASTOR, INC.

On June 27, 2006, the Company completed the acquisition of Cryomastor, Inc. pursuant to an Agreement and Plan of Merger (the Cryomastor Merger Agreement), under which Cryomastor became a wholly-owned subsidiary and changed its name to Cryometrix, Inc. The Company recorded goodwill in connection with the acquisition. Goodwill resulted primarily from our expectation of synergies from the integration of the acquired company's technology (Cryomastor) with the Company's technology and the acquired company's (Cryomastor) access to several important customers.

As consideration for the acquisition of Cryomastor, the Company issued 3,000,000 shares at \$1.25 of its common stock that are restricted securities to the shareholders of Cryomastor, as well as paying \$700,000 to the same shareholders.

The value of the common stock was determined by the current market value of the Company's common stock as publicly traded on the OTCBB. The Company also provided \$300,000 to be utilized for the operations of Cryomastor and agreed to pay a \$300,000 debt of Cryomastor for a U.S. patent of Cryomastor systems. An Employment Agreement was also executed, and the Company will pay to the Cryomastor shareholders 2.5% of the gross annual revenue earned by the Company on this line of business. The results of operations of the acquired companies have been included in our operations from the date of acquisition.

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REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006 and 2005

NOTE 12 ACQUISITION OF CRYOMASTOR, INC. (continued)

As part of this merger, the Company received assets valued at the following:

Patents	\$	3,081,777
Customer lists		480,000
Goodwill		888,223
	\$	4,450,000

The amounts allocated to acquire the patents and customer lists are being amortized over their useful lives of 10 to 12 years. The useful life was based upon the estimated life of the technology in the biotech market. We determined the fair value of the acquired patents based upon the appraised value of projected cash flows related to the freezers, and the value of the customer lists were based upon projected value of future sales.

The Cryomastor Merger Agreement also requires the Company to pay royalty payments based upon revenues associated with this product. The royalty cost will be expensed to operations when incurred. No other contingent consideration was associated with this acquisition.

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006 and 2005

NOTE 12 ACQUISITION OF CRYOMASTOR, INC. (continued)

	Cryomastor As of December 31, 2005	Reflect as of December 31, 2005	Combined Historical Cryomastor & Reflect	Pro Forma Adjustment	Pro Forma Combined Cryomastor & Reflect December 31, 2005
ASSETS					
Current Assets:					
Cash	\$ 4,807	\$ 492,102	\$ 496,909	- \$	496,909
Receivables		317,274	322,174	-	317,274
Inventory	-	305,684	305,684	-	305,684
Prepaid assets	-	4,363	4,363	-	4,363
Total Current Assets	4,807	1,119,423	1,124,230	-	1,124,230
 Fixed assets, (net)	 70,726	 20,950	 91,676	 -	 91,676
Other Assets:					
Deposits	-	5,350	5,350	-	5,350
Intangibles	9,085	-	9,085	4,851,576	4,860,661
Accumulated amortization	-	-	-	(205,452)	(205,452)
Total Other Assets	9,085	5,350	14,435	4,646,124	4,660,559
TOTAL ASSETS	\$ 89,518	\$ 1,145,723	\$ 1,235,241	4,646,124	\$ 5,876,465

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006 and 2005

NOTE 12 ACQUISITION OF CRYOMASTOR, INC. (continued)

	Cryomastor As of December 31, 2005	Reflect as of December 31, 2005	Combined Historical Cryomastor & Reflect	Pro Forma Adjustment	Pro Forma Combined Cryomastor & Reflect December 31, 2005
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
Current Liabilities					
Accounts payable	\$ 10,214	\$ 176,644	\$ 186,858	\$ -	186,858
Common stock payable	-	-	-	1,000,000 (1)	1,000,000
Accrued liabilities	76,034	2,343	78,377	-	78,377
Income taxes payable	-	23,077	23,077	-	23,077
Total Current Liabilities	86,248	202,069	288,312	1,000,000	1,288,312
Non-current liabilities:					
Deferred income taxes	-	32,823	32,823	-	32,823
Notes payable	302,671	-	302,671	-	302,671
Total non-current liabilities	302,671	32,823	335,494	-	335,494
Total Liabilities	388,919	234,892	623,806	1,000,000	1,623,806
Stockholders' Equity:					
Preferred stock	-	100	100	-	100
Common Stock	10,000	255,300	265,300	30,000 (1)	-
	-	-	-	(30,000) (1)	285,300
Stock subscription receivable	(4,900)	-	(4,900)	-	(4,900)
Additional Paid-in Capital	-	1,210,337	1,220,337	3,720,000 (1)	-
	-	-	-	73,413 (1)	5,003,750
Accumulated deficit during the Development Stage					
	(309,401)	-	(309,401)	309,401	-
Retained earnings	-	(554,901)	(554,901)	(476,690)	(1,031,591)
Total Stockholders' Equity	(299,401)	910,836	611,435	3,646,124	4,252,659

TOTAL LIABILITIES
AND STOCKHOLDERS'
EQUITY (DEFICIT)

	\$	89,518	\$	1,145,723	\$	1,235,241	\$	4,646,124	\$	5,876,465
		Cryomastor As of December 31, 2005		Reflect as of December 31, 2005		Combined Historical Cryomastor & Reflect		Pro Forma Adjustment		Pro Forma Combined Cryomastor & Reflect December 31, 2005
Sales	\$	-	\$	2,241,069	\$	2,241,069	\$	-	\$	2,241,069
Cost of Sales		-		1,323,883		1,323,883		-		1,323,883
Salaries and wages		-		362,935		362,935		-		362,935
Payroll Taxes		-		29,795		29,495		-		29,495
Rent expense		-		79,587		79,587		-		79,587
G e n e r a l & Administrative		12,301		380,845		393,146		205,452	(2)	598,598
Income (loss) from operations		(12,301)		64,324		52,023		(205,452)		(153,429)
O t h e r i n c o m e (expense)										
Interest expense		-		(9,261)		(9,261)		-		(9,261)
Loss on purchase of patent		(297,100)		-		(297,100)		-		(297,100)
Total other income (expense)		297,100		(9,261)		(306,361)		-		(306,361)
Income tax expense		-		(16,900)		(16,900)		-		(16,900)
Net Income (loss)	\$	(309,401)	\$	38,163	\$	(271,238)	\$	(205,452)	\$	(476,690)
Basic loss per share		(.17)		(0.00)		(0.00)		-		(0.02)
Weighted average shares Outstanding		1,808,219		24,441,014		24,441,014		-		27,441,014

Description of Adjustments and Other Notes

- (1) To eliminate the accumulated deficit during the development stage of Cryomastor and the paid in capital of Reflect as of the date of the merger.
- (2) To record 12 months of amortization for patent purchased by Reflect as a result of the merger.

REFLECT SCIENTIFIC, INC.

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2007

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Balance Sheet

ASSETS

	September 30, 2007 (Unaudited)
CURRENT ASSETS	
Cash	\$ 1,335,750
Accounts receivable	1,155,385
Other receivables	25,967
Inventory	820,540
Prepaid assets	243,096
Total Current Assets	3,580,738
FIXED ASSETS, NET	260,438
OTHER ASSETS	
Intangible assets, net	6,002,946
Income tax receivable	24,761
Deferred tax asset	316,000
Long term prepaid asset	231,389
Deposits	29,944
Total Other Assets	6,605,040
TOTAL ASSETS	\$ 10,446,216

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Balance Sheet (Continued)

LIABILITIES AND SHAREHOLDERS' EQUITY

September 30,
2007
(Unaudited)

CURRENT LIABILITIES

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

LONG-TERM LIABILITIES

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

SHAREHOLDERS' EQUITY

Preferred stock, \$0.01 par value, authorized 5,000,000 shares; No shares issued and Outstanding		-
Common stock, \$0.01 par value, authorized		

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50,000,000 shares; 34,019,483 shares issued and outstanding	340,195
Additional paid in capital	13,129,578
Accumulated deficit	(4,051,068)
Total Shareholders' Equity	9,418,705
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 10,446,216

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Statements of Operations

(Unaudited)

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

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

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the Nine Months Ended September 30,	
	2007	2006
Net loss	\$ (2,517,537)	\$ (891,045)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	36,108	33,891
Amortization	528,927	15,850
Common stock issued for services	484,574	394,250
Changes in operating assets and liabilities:		
Increase in accounts receivable	(765,794)	(129,886)
Increase in inventory	(226,500)	(71,421)
Increase in other receivables	(24,380)	
Increase in income tax receivable	-	(24,761)
Increase in prepaid asset	260,756	(10,000)
Increase in other assets	(29,944)	-
Increase in accounts payable and accrued expenses	370,044	170,703
Net Cash Used by Operating Activities	(1,883,746)	(512,419)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for intangible assets	-	(1,354,905)
Cash paid for fixed assets	(11,585)	(208,390)
Net Cash Used by Investing Activities	(11,585)	(1,563,295)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable	12,437	303,765
Proceeds from issuance of debentures	2,500,000	-
Proceeds from common stock issuance	447,605	1,393,500
Net Cash Provided by Financing Activities	2,960,042	1,697,265

NET INCREASE (DECREASE) IN CASH	1,064,712	(378,449)
CASH AT BEGINNING OF PERIOD	271,038	492,102
CASH AT END OF PERIOD	\$ 1,335,750	\$ 113,653

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Statements of Cash Flows (continued)

(Unaudited)

**SUPPLEMENTAL CASH FLOW
INFORMATION:**

Cash Paid For:

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

NON-CASH FINANCING ACTIVITIES:

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

REFLECT SCIENTIFIC, INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2007

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company pursuant to accounting principles generally accepted in the United States of America. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in accordance with rules and regulations of the Securities and Exchange Commission. The information furnished in the interim condensed consolidated financial statements include normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim condensed consolidated financial statements be read in conjunction with the Company's most recent audited consolidated financial statements and notes thereto included in its December 31, 2006 financial statements. Operating results for the three months ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

NOTE 2 - ORGANIZATION AND DESCRIPTION OF BUSINESS

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

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

On December 30, 2003, pursuant to an Agreement and Plan of Reorganization, the Company completed a reverse merger with the shareholders of Reflect Scientific, Inc. in which it acquired 100% of Reflect Scientific, Inc., a California corporation in exchange for 22,914,949 common shares of the Company. The terms of the acquisition are detailed in an 8-K filing dated December 31, 2003. Under the terms of the agreement, the President of Reflect Scientific, Inc. became the President of the Company and was elected to the Board of Directors. The acquisition was accounted for as a recapitalization of Reflect Scientific, Inc. because the members of Reflect Scientific, Inc. controlled the Company after the acquisition. Reflect Scientific, Inc. was treated as the acquiring entity for accounting purposes and Cole, Inc. was the

surviving entity for legal purposes. There was no adjustment to the carrying values of the assets or liabilities of Reflect Scientific, Inc. and no goodwill was recorded. The operations for the year ended December 31, 2006 and 2005 are those of Reflect Scientific, Inc. Effective January 19, 2007 the Company finalized an Agreement and Plan of Merger agreement with All Temp Engineering, Inc. Effective March 6, 2007, the Company finalized an Agreement and Plan of Merger agreement with Image Labs, International. The terms of the agreements are detailed in a 10-QSB filing dated March 31, 2007. The Company entered into these mergers after considering All Temp's and Image Lab's business history, financial condition, and intellectual property. The Company has a desire to expand its services and attract and retain talented technical personnel and believed there were strategic and financial advantages to combining the businesses.

REFLECT SCIENTIFIC, INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2007

NOTE 3 CONVERTIBLE DEBENTURES AND WARRANTS

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

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

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

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

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

REFLECT SCIENTIFIC, INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2007

NOTE 3 CONVERTIBLE DEBENTURES AND WARRANTS (continued)

A summary of the status of the Company's outstanding stock warrants as of September 30, 2007 and changes during the period then ended is presented below:

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

Outstanding		Exercisable	
Range of Exercise Prices	Number outstanding at September 30, 2007	Weighted Average Remaining Contractual Life	Number Exercisable at September 30, 2007
\$ 0.80	2,115,385	5.00	2,115,385

1.00	2,115,385	5.00	2,115,385
	4,230,770		4,230,770

NOTE 4 EQUITY TRANSACTIONS

During the nine month period ended September 30, 2007, the Company issued 2,000,000 shares issued pursuant to the merger with All Temp for \$2,120,000; 525,000 shares issued pursuant to the purchase of Image Labs for \$509,250; 500,000 shares issued as part of an employment agreement valued at \$490,000; and 874,404 shares valued at \$655,802 issued for cash; 431,235 shares valued at \$445,526 issued for services. Paid in capital was increased by \$2,975,925 as a result of the debenture agreement noted in Note 3, and there was additional contributed capital in the amount of \$26,416 for donated services and \$25,000 received in cash. On September 25, 2007, the Company entered into an agreement to return to the Company 1,000,000 shares of its common stock previously issued to the Shareholders in relationship to the acquisition of All Temp Engineering, Inc. Under the terms of the Agreement, the Shareholders agreed to return an aggregate of 1,000,000 shares of the Company's common stock for cancellation. The shares were originally issued in relation to the acquisition and were returned to adjust the consideration received by Shareholders on the All Temp acquisition and to account for certain out of pocket costs paid by the Company in relation to the acquisition of All Temp. No other changes to the acquisition of All Temp were made and the parties will continue to operate the All Temp business.

PART 11 INFORMATION NOT REQUIRED IN PROSPECTUS

Item 24 - Indemnification of Directors

Our officers and directors may be indemnified as provided by the Utah Revised Business Corporation Act (the "URBCA") and our bylaws. Under the URBCA, director immunity from liability to a company or its shareholders for monetary liabilities is permitted if contained in the company's articles of incorporation or bylaws. Excepted from that indemnification are:

- (1) an intentional infliction of harm on Reflect Scientific or its shareholders;
- (2) An intentional violation of criminal law (unless the director had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful);
- (3) a transaction from which the director derived an improper personal profit; and
- (4) An unlawful distribution.

Our bylaws provide that we may indemnify our officers and directors and may advance all expenses incurred to any director who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was our director or officer, or is or was serving at our request as a director or executive officer of another company, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request. This advancement of expenses is to be made upon receipt of an undertaking by or on behalf of such person to repay said amounts should it be ultimately determined that the person was not entitled to be indemnified under our bylaws or otherwise. The Board of Directors may authorize the corporation to indemnify and advance expense to any officer, employee, or agent of the corporation who is not a director to the extent permitted by law.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

In the event that a claim for the indemnification against such liabilities (other than the payment by the small business issuer of expenses incurred or paid by the director, officer or controlling person of the small business issuer in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the small business issuer will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court or appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudications of such issue.

Reflect Scientific has agreed to indemnify, defend and hold the selling security holder harmless against and in respect of any and all claims, demands, losses, costs, expenses, obligations, liabilities or damages, including interest, penalties and reasonable attorney's fees, that it shall incur or suffer, which arise out of, result from or relate to any breach of the stock purchase agreement or failure to perform with respect to any of its representations, warranties, or covenants contained therein. In no event shall Reflect Scientific or the selling security holder be entitled to recover consequential or punitive damages resulting from a breach or violation of the stock purchase agreement nor shall any party have liability in the event of gross negligence or willful misconduct or the indemnified party.

Item 25. Other Expenses of Issuance and Distribution

The estimated costs of this offering are as follows:

Securities and Exchange Commission registration fee	\$	199.14
Transfer Agent fees	\$	1,000
Accounting and auditing fees and expenses	\$	15,000
Legal fees and expenses	\$	17,000
Total	\$	33,199.14

Item 26. Recent Sales of Unregistered Securities

During the last three years, we issued the following unregistered securities:

Common Stock Issued in Reflect California Reorganization Completed December 31, 2003

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

Salt Lake City, Utah 84103		
David Nelson	43.6	100,000
Suite 200		
455 East 500 South		
Salt Lake City, Utah 84111		
SCS, Inc.	1,008	2,310,199
Suite 200		
455 East 500 South		
Salt Lake City, Utah 84111		
Totals	10,000	22,914,949

During the year ended December 31, 2005, we sold 700,000 shares of our 2004 Series A Convertible Preferred Stock at an offering price of \$1.00 per share to 26 persons who were accredited investors as that term is defined in Regulation D of the Securities and Exchange Commission.

During the calendar year ended December 31, 2005, 690,000 shares of this class of our preferred stock were converted by the holders thereof into 1,150,002 shares of our common stock.

Effective May 6, 2005, we issued 380,000 shares of our common stock to eleven persons, which included three of our directors and executive officers, for services rendered and valued at approximately \$0.03 per share.

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

In 2006, we issued 400,000 shares of our common stock for \$0.80 per share; and 1,073,500 shares of our common stock for \$1.00 per share in two separate private placements. Additionally, in 2006, we issued 415,000 and 53,675 shares of our common stock for services.

In 2006, we also issued 200,000 shares in connection with the JMST acquisition; and 3,000,000 shares in connection with the Cryometrix merger.

On January 29, 2007, we issued 2,000,000 shares of our common stock to the four shareholders of All Temp as part of the acquisition of All Temp and on February 29, 2007 we issued 525,000 shares of our common stock to the one shareholder of Image Labs.

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

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

On June 29, 2007, Reflect Scientific pursuant to the securities purchase agreement sold to five institutional investors convertible debentures in the aggregate principal amount of \$2,500,000 and stock purchase warrants exercisable over a five year period for 3,846,154 shares of common stock (the Warrants) in a private placement. All purchasers are accredited investors and a form D was filed covering this transaction. The selling shareholders all purchased in this placement.

We issued all of these securities to persons who were accredited investors or sophisticated investors as those terms are defined in Regulation D of the Securities and Exchange Commission; and each such investor had prior access to all material information about us. We believe that the offer and sale of these securities were exempt from the registration requirements of the Securities Act, pursuant to Sections 4(2) and 4(6) thereof, and Rule 506 of Regulation D of the Securities and Exchange Commission. Sales to accredited investors are preempted from state regulation.

Item 27. Exhibits

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed.

Exhibit No.	Title of Document	Location if other than attached hereto
3.1	Articles of Incorporation	10-SB Registration Statement*
3.2	Articles of Amendment to Articles of Incorporation	10-SB Registration Statement*
3.3	By-Laws	10-SB Registration Statement*
3.4	Articles of Amendment to Articles of Incorporation	8-K Current Report dated December 31, 2003*
3.5	Articles of Amendment to Articles of Incorporation	8-K Current Report dated December 31, 2003*
3.6	Articles of Amendment	September 30, 2004 10-QSB Quarterly Report*
3.7	By-Laws Amendment	September 30, 2004 10-QSB Quarterly Report*
4.1	Debenture	8-K Current Report dated June 29, 2007*
4.2	Form of Purchasers Warrant	8-K Current Report dated June 29, 2007*
4.3	Registration Rights Agreement	8-K Current Report dated June 29, 2007*
4.4	Form of Placement Agreement	8-K Current Report dated June 29, 2007*
5.1	Legal Opinion and Consent	This Filing
10.1	Securities Purchase Agreement	8-K Current Report dated June 29, 2007*
10.2	Placement Agent Agreement	8-K Current Report dated June 29, 2007*
10.3	JMST Purchase Agreement	8-k Current Report dated April 4, 2006*
10.4	Cryomastor Merger Agreement	8-K Current Report dated April 19, 2006*
10.5	Image Labs Merger Agreement	8-K Current Report dated November 15, 2006*
10.6	All Temp Merger Agreement	8-K Current Report dated November 17, 2006*
14	Code of Ethics	December 31, 2003 10-KSB Annual Report*
21	Subsidiaries of the Company	December 31, 2006 10-KSB Annual Report*
23.1	Consent of Victor D. Schwarz, PC, Attorney at Law (see exhibit 5.1)	This Filing
23.2	Consent of HJ & Associates, LLC Independent Registered Public Accounting Firm	This Filing

* Previously filed with the Securities and Exchange Commission in the form indicated and incorporated by reference.

Item 28. Undertakings

The undersigned registrant hereby undertakes:

1. To file, during any period in which it offers or sells securities, a post-effective amendment to this registration statement to:
 - (a) include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
 - (b) reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information set forth in this registration statement; and notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the commission pursuant to Rule 424(b) if, in the aggregate, the changes in the volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration Statement; and
-

- (c) include any additional or changed material information on the plan of distribution.

2. That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered hereby which remain unsold at the termination of the offering.

4. For determining liability of the undersigned small business issuer under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned small business issuer undertakes that in a primary offering of securities of the undersigned small business issuer pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned small business issuer will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- (i) Any preliminary prospectus or prospectus of the undersigned small business issuer relating to the offering required to be filed pursuant to Rule 424;

- (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned small business issuer or used or referred to by the undersigned small business issuer;

- (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned small business issuer or its securities provided by or on behalf of the undersigned small business issuer; and

- (iv) Any other communication that is an offer in the offering made by the undersigned small business issuer to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the provisions above, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities, other than the payment by us of expenses incurred or paid by one of our directors, officers, or controlling persons in the successful defense of any action, suit or proceeding, is asserted by one of our directors, officers, or controlling person sin connection with the securities being registered, we will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification is against public policy as expressed in the Securities Act, and we will be governed by the final adjudication of such issue.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements of filing on Form SB-2 and authorized this registration statement to be signed on its behalf by the undersigned, in the City of Provo, State of Utah on December 17, 2007.

REFLECT SCIENTIFIC, INC.

Date: December 17, 2007

By: /s/Kim Boyce
Kim Boyce

President and Chief Executive Officer

Date: December 17, 2007

By: /s/David Strate
David Strate

Principal Accounting Officer/Chief Financial
Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Kim Boyce as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to the Registration Statement, and to sign any registration statement for the same offering covered by this Registration Statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, each acting alone, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

In accordance with the requirements of the Securities Act of 1933, this registration statement was signed by the following persons in the capacities stated on December 14, 2007.

<u>Signature</u>	<u>Name and Title</u>
/s/Kim Boyce Date: December 17, 2007	Kim Boyce, Director, Chief Executive Officer (Principal Executive Officer)
/s/Tom Tait Date: December 17, 2007	Tom Tait, Vice President, Director
/s/Craig D. Morrison Date: December 17, 2007	Craig D. Morrison, Director
/s/David Strate Date: December 17, 2007	David Strate, Principal Accounting Officer (Principal Accounting/Financial Officer)