UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2009

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

For the transition period from _______ to ________

Commission File number 000-30262

VISUALANT, INCORPORATED

(Exact name of registrant as specified in charter)

Nevada	**91-1948357**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
500 Union Street, Suite 406, Seattle, Washington USA	**98101**
(Address of principal executive offices)	(Zip Code)

206-903-1351
(Registrant's telephone number, including area code)

N/A
(Former name, address, and fiscal year, if changed since last report)

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

Yes☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

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

Yes ☐ No ☒

The number of shares of common stock, $.001 par value, issued and outstanding as of August 14, 2009: 28,762,707 shares

Transitional Small Business Disclosure Format (check one):

Yes ☐ No ☒

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying balance sheets of Visualant, Incorporated (development stage company) at June 30, 2009 and September 30, 2008, the statements of operations for the three and nine months ended June 30, 2009 and 2008, the statements of cash flows for the nine months ended June 30, 2009 and 2008 and for the period from October 8, 1998 (date of incorporation) to June 30, 2009, have been prepared by the Company's management, in conformity with principles generally accepted in the United States of America. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature.

Operating results for the three and nine month periods ended June 30, 2009 are not necessarily indicative of the results that can be expected for the year ending September 30, 2009.

VISUALANT, INCORPORATED
(Development Stage Company)

BALANCE SHEETS
June 30, 2009 and September 30, 2008

	June 30, 2009	September 30, 2008
ASSETS		
CURRENT ASSETS		
Cash	$ -	$ 255
Prepaid Expenses	6,514	1,766
Total Current Assets	6,514	2,021
TOTAL ASSETS	$ 6,514	$ 2,021
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Note payable to a related party	$ 50,750	$ 50,750
Promissory note payable	82,000	-
Accrued expenses and other liabilities	183,622	110,562
Accrued expenses and other liabilities due to related parties	659,187	504,662
Accounts payable	210,440	780,912
Accounts payable due to related parties	162,872	264,429
Total Current Liabilities	1,348,871	1,711,315
Long-term Notes Payable	-	425,340
Commitments and Contingencies	-	-
STOCKHOLDERS' DEFICIT		
Preferred stock - $0. 001 par value, 50, 000,000 shares authorized, no shares issued and outstanding	-	-
Common stock - $0.001 par value, 200,000,000 shares authorized, 28,762,707 and 18,353,891 shares issued and outstanding, respectively	28,762	18,354
Additional paid in capital	6,134,829	4,521,760
Deficit accumulated during the development stage	(7,505,948)	(6,674,748)
Total Stockholders' Equity (Deficiency)	(1,342,357)	(2,134,634)
TOTAL LIABILITIES & EQUITY	$ 6,514	$ 2,021

The accompanying notes are an integral part of these financial statements

VISUALANT, INCORPORATED
(Development Stage Company)

STATEMENTS OF OPERATIONS
For the Three and Nine Months Ended June 30, 2009 and 2008 and the Period from October 8, 1998 (Date of Inception) to June 30, 2009

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Nine Months Ended June 30, 2009	Nine Months Ended June 30, 2008	Period of Inception from October 8, 1998 to June 30, 2009
Revenues	$ -	$ -	$ -	$ -	$ -
Expenses					
Research and development	-	-	214,105	-	1,451,522
Administrative	76,620	154,704	569,525	638,718	4,558,814
Total Operating Expense	76,620	154,704	783.630	638,718	6,010,336
Loss from Operations	(76,620)	(154,704)	(783,630)	(638,718)	(6,010,336)
Other Income (Expense)					
Settlement of debt	-	-	-	-	43,400
Interest expense	(26,941)	(15,730)	(47,570)	(56,151)	(384,685)
Loss of deposit	-	-	-	-	(1,154,327)
Net Loss	$ (103,561)	$ (170,434)	$ (831,200)	$ (694,869)	$ (7,505,948)
Net Loss Applicable to Common Stockholders Basic and diluted	$ (0.004)	$ (0.01)	$ (0.03)	$ (0.04)	
Weighted Average Shares used in computing basic and diluted net loss per share	28,673,054	18,353,891	27,676,411	17,920,436	

The accompanying notes are an integral part of these financial statements

VISUALANT, INCORPORATED
(Development Stage Company)

STATEMENTS OF CASH FLOWS
For the Nine Months Ended June 30, 2009 and 2008 and the Period from October 8, 1998 (Date of Inception) to June 30, 2009

	Nine Months Ended June 30, 2009	Nine Months Ended June 30, 2008	October 8, 1998 to June 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (831,200)	$ (694,869)	$ (7,505,948)
Reconciliation of net loss to net cash used in operating activities:			
Depreciation, amortization and tangible and intangible asset impairments	-	-	19,808
Issuance of capital stock for expenses	382,855	140,500	681,311
Stock based compensation	104,840	104,840	547,350
Stock Options Issued in exchange for services	7,565	7,021	244,196
Amortization of Deferred Financing	-	24,000	96,000
Loss of deposit	-	-	1,154,327
Capital contributions - expenses	-	-	10,950
Increase (decrease) in cash resulting from changes in assets and liabilities:			
Prepaid expenses	(4,748)	(2,478)	(6,514)
Accounts payable and accrued expenses	340,432	421,062	3,426,172
Net Cash Used in Operating Activities	(255)	76	(1,332,347)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	-	-	(12,308)
Purchase of investment - deposit	-	-	(1,154,327)
Net Cash Used in Investing Activities	-	-	(1,166,635)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of common stock	-	-	2,022,892
Proceeds from issuance of convertible debt	-	-	425,340
Proceeds from issuance of notes payable	-	-	300,951
Repayment of notes payable	-	-	(250,201)
Net Cash Provided by Financing Activities	-	-	2,498,982
Net Change in Cash	(255)	76	-
Cash at Beginning of Period	255	91	-
Cash at End of Period	$ -	$ 167	$ -
Supplemental disclosure of cash flow information			
Cash paid during the period for interest	-	-	$ 141,413
Issuance of common stock to retire debt	$ 482,095	-	$ 482,095
Conversion of accounts payable to promissory note	82,000	-	82,000
Issuance of common stock as consideration for accounts payable	$ 646,122		$ 646,122

The accompanying notes are an integral part of these financial statements

1. ORGANIZATION

Visualant, Inc. was incorporated under the laws of the State of Nevada on October 8, 1998 under the name of "Cigar King Corporation" with authorized common stock of 200,000,000 shares at $0.001 par value. On September 13, 2002 the name was changed to "Starberrys Corporation" as part of a change in the authorized capital stock whereby 50,000,000 shares of preferred stock with a par value of $0.001 were authorized. On August 18, 2004 the name of the Company was changed to "Visualant, Incorporated". There are no preferred shares issued and the terms have not been determined.

The Company is in the development stage and has not commenced operations.

2. GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We have incurred net losses of approximately $831,200 and $694,869 for the nine months ended June 30, 2009 and 2008, respectively. Our current liabilities exceeded our current assets by approximately $1.3 million as of June 30, 2009. Our net cash used in operating activities approximated $255 for the nine months ended June 30, 2009.

As of June 30, 2009, the Company had minimal cash. The Company is considered illiquid as this cash is not considered sufficient to fund the recurring operating and associated financing costs. The Company needs to raise additional funding to continue its operations. However, there can be no assurance that financing or additional funding will be available to the Company on favorable terms or at all. If the Company raises additional capital through the sale of equity or convertible debt securities, the issuance of such securities may result in dilution to existing stockholders.

We anticipate that we will generate significant losses from operations for the foreseeable future. As of June 30, 2009, our accumulated deficit was $7.5 million. We have limited capital resources, and operations to date have been funded with the proceeds from private equity and debt financings. These conditions raise substantial doubt about our ability to continue as a going concern. The audit report prepared by our independent registered public accounting firm relating to our financial statements for the year ended September 30, 2008 includes an explanatory paragraph expressing the substantial doubt about our ability to continue as a going concern.

Continuation of the company as a going concern is dependant upon obtaining additional working capital. The financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations — a Replacement of FASB Statement No. 141* ("SFAS No. 141(R)"). The statement is to be applied prospectively for fiscal years beginning on or after December 15, 2008. The statement also applies to the treatment of taxes from prior business combinations. The statement requires more assets acquired and liabilities assumed in future business combinations to be measured at fair value as of the acquisition date. In addition, expenses incurred for all acquisition-related costs are to be expensed and liabilities related to contingent consideration are to be re-measured to fair value each subsequent reporting period. We will adopt SFAS No. 141(R) at the beginning of our 2010 fiscal year, or October 1, 2009. We do not expect this statement will have a significant impact on our consolidated financial position or results of operations when adopted.

In December 2007, the FASB issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements — an amendment of ARB No. 51* ("SFAS No. 160"). The statement changes how non-controlling interests in subsidiaries are measured to initially be measured at fair value and classified as a separate component of equity. SFAS No. 160 establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation. No gains or losses will be recognized on partial disposals of a subsidiary where control is retained. In addition, in partial acquisitions, where control is obtained, the acquiring company will recognize and measure at fair value all of the assets and liabilities, including goodwill, as if the entire target company had been acquired. The statement is to be applied prospectively for fiscal years beginning on or after December 15, 2008. We will adopt this statement on October 1, 2009, which is the beginning of our 2010 fiscal year. Currently we do not have any subsidiaries, and therefore we do not anticipate any significant impact on our financial position or results of operations when adopted.

4. SIGNIFICANT ACCOUNTING POLICIES: ADOPTION OF ACCOUNTING STANDARDS

The significant accounting policies used in the preparation of our Condensed Financial Statements are disclosed in our Form 10-K for the year ended September 30, 2008, as filed with the Securities and Exchange Commission.

Accounting for Share Based Compensation

The Company has share-based compensation plans under which employees and non-employee directors may be granted restricted stock, as well as options to purchase shares of Company common stock at the fair market value at the time of grant. Stock-based compensation cost is measured by the Company at the grant date, based on the fair value of the award, over the requisite service period. For options issued to employees, the Company recognizes stock compensation costs utilizing the fair value methodology prescribed in Statement of Financial Accounting Standards 123 ("SFAS 123(R)") (revised 2004), *Share Based Payment* over the related period of benefit. Grants of stock options and stock to non-employees and other parties are accounted for in accordance with the Financial Accounting Standards Board's Emerging Issue Task Force Abstract, EITF 96-18, *Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods and Services* ("EITF 96-18") and SFAS 123(R).

Adoption of SFAS No. 157, Fair Value Measurements

We adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS No. 157"), on October 1, 2008 for financial assets and liabilities. We elected to defer adoption of SFAS No. 157 for our non-financial assets and liabilities until October 1, 2009 as permitted by FASB Staff Position No. 157-2, *Effective Date of FASB Statement No. 157*.

As of June 30, 2009, there are no financial assets or liabilities requiring additional fair value disclosure.

SFAS No. 157 defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (or exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. SFAS No. 157 establishes a fair value hierarchy based on three levels of inputs that may be used to measure fair value. The input levels are:

Level 1: Quoted (observable) market prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability.

5. DEVELOPMENT OF TECHNOLOGIES OWNED BY THE COMPANY

The Company is in the business of researching, developing, acquiring, and commercializing products and services related to illumination and detection of electromagnetic energy, typically in the visible and near-visible portions of the electromagnetic spectrum, using specialized illumination and sensing systems and spatial analysis software modeling which allow for pattern recognition. This technology involves specialized and proprietary information and trade secrets, which the Company considers to be among its most sensitive, confidential, and proprietary information.

6. NOTES PAYABLE

In April 2009, the Company entered into an $82,000 promissory note with one of its vendors resulting in a reclassification from accounts payable to notes payable.

In October 2008, the Long Term Note Payable and accrued interest outstanding with Coventry Capital LLC was converted into 3,213,967 shares of common stock at $0.15 per share. The $482,095 amount converted was comprised of the entire principal balance of $425,340 and accrued interest of $56,755.

.In February 2007, the Company entered into a demand note with CEO and President, Bradley E. Sparks totaling $50,000 plus loan fees of $750. As of June 30, 2009, the outstanding note payable totaled $50,750 consisting of the note payable to Sparks. Interest expense accrues on the note at a rate of 18% per annum. Accrued interest on the notes payable is recorded in the balance sheet in related party accrued expenses and other liabilities.

Any delays in repayment of the principal and accrued interest on the note payable upon demand result in a penalty interest rate of 30% per annum. The interest due to Sparks became in arrears on February 16, 2008 and has not been paid as of the date of this filing. Sparks has not demanded repayment of the note as of the date of this filing.

7. LINE OF CREDIT

In October 2008, the Convertible Line of Credit Agreement with Coventry Capital LLC was terminated. The Company currently has no Line of Credit

8. COMMON CAPITAL STOCK

During the nine months ended June 30, 2009, the company issued 10,408,816 shares of common stock. Of these, 7,058,816 shares of common stock were in satisfaction of $1,059,794 of outstanding indebtedness including the debt due to Coventry Capital and amounts owed to Mr. Erickson and his affiliates, 950,000 shares of common stock as grants to directors, 550,000 shares of common stock as grants to consultants, and 1,850,000 shares in resolution of certain outstanding matters with the RatLab LLC. During the quarter ended June 30, 2009, 1,019,806 shares of common stock were issued in satisfaction of amounts owed to Mr. Erickson and his affiliates.

9. STOCK OPTIONS

Description of Stock Option Plan

In 2005, our Board of Directors adopted a combined incentive and nonqualified stock option plan for our employees and consultants (“2005 Stock Option Plan”). On October 9, 2006 the Board of Directors authorized an increase in shares available for grant from 2 million to 4 million, subject to stockholder approval.

Determining Fair Value Under SFAS No. 123R

Effective October 1, 2006, we began recording compensation expense associated with stock options and other equity-based compensation in accordance with SFAS No. 123 (revised 2004), “Share-Based Payment”. We adopted FAS 123(R) using the modified prospective method. Share-based compensation recognized in fiscal 2007 as a result of the adoption of SFAS No. 123R use the Black-Scholes-Merton option valuation model for estimating fair value of stock options granted under our plan. We amortize the fair value of stock options on a ratable basis over the requisite service periods, which are generally the vesting periods. The expected life of awards granted represents the period of time that they are expected to be outstanding. We estimate the volatility of our common stock based on the historical volatility of our own common stock over the most recent period corresponding with the estimated expected life of the award. We base the risk-free interest rate used in the Black-Scholes-Merton option valuation model on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent remaining term equal to the expected life of the award. We have not paid any cash dividends on our common stock and do not anticipate paying any cash dividends in the foreseeable future. Consequently, we use an expected dividend yield of zero in the Black-Scholes-Merton option valuation model. In accordance with SFAS No. 123R, we adjust share-based compensation for changes to the estimate of expected equity award forfeitures based on actual forfeiture experience. The effect of adjusting the forfeiture rate for all expense amortization after October 1, 2006 is recognized in the period the forfeiture estimate is changed.

9. STOCK OPTIONS – *continued*

Stock Option Activity

A summary of activity relating to our stock option plan is as follows:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding as of September 30, 2008	1,485,000		
Granted	75,000		
Exercised	-		
Expired	-		
Forfeited	-		
Outstanding as of June 30, 2009	1,560,000	$ 0.58	2.1

There was one stock option grant for 75,000 shares of common stock during the nine month period ended June 30, 2009.

10. STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock		Capital in Excess	Accumulated
	Shares	Amount	of Fair Value	Deficit
Balance at September 30, 2008	18,353,891	$ 18,354	$ 4,521,760	$ (6,674,748)
Stock compensation expense - employee options			104,840	
Stock compensations expense - non-employee options			7,565	
Issuance of common stock for services and outstanding accounts payable	7,194,849	7,194	1,021,783	
Issuance of common stock for retirement of debt	3,213,967	3,214	478,881	
Net operating loss				(831,200)
Balance at June 30, 2009	28,762,707	$ 28,762	$ 6,134,829	$ (7,505,948)

11. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

See Note 6 for discussion of notes payable issued to the Company's CEO and President during the quarter ended March 31, 2007. Other than the note payable, related interest and payroll related accruals, all amounts are recorded in the related parties accounts payable balance. Mr. Sparks is also owed $637,613 of accrued salary and medical insurance plus $50,812 which has been accrued to pay applicable employer payroll taxes, FUTA, etc. Accrued employer payroll taxes are recorded in accrued liabilities. Additionally, interest of $21,574 is owed Mr. Sparks for interest accrued on the note payable described in Note 6 to these Notes to Financial Statements. He also is owed $28,793 for cash amounts advanced by him to Visualant to fund operating expenses since his employment.

During the quarter ended June 30, Mr. Erickson received 1,019,806 shares of common stock in satisfaction of $152,971 owed him. Also during the quarter, Mr. Erickson advanced an additional $7,018 to the Company. Affiliates of Mr. Erickson have previously advanced the Company $34,630. This amount, in addition to the advances during the quarter, remain outstanding at June 30, 2009.

Dr. Kawahata is owed $90,000 by the Visualant Japanese operation for services rendered to the Company.

As of the filing date, the directors and officers of the Company beneficially own an aggregate 5,601,681 shares of common stock or 19.4 % of the Company.

12. CANCELLATION OF AGREEMENT TO PURCHASE SHARES OF SCI

On April 9, 2003 the Company signed a Purchase Agreement with Malaremastastarnas Riksforening, the owner of all the shares of Skandinaviska Farginstituter AB (the Scandinavian Colour Institute or "SCI") which owns the color notation system Natural Color Systems ("NCS"), containing the terms of an acquisition by the Company or its assigns for a price of SEK 35,000,000 of all shares of SCI. Pursuant to the terms of the agreements the Company made payments of $1,154,327 into an escrow account as part payment toward the purchase price. The Company subsequently failed to make further payments on the contracts and by mutual agreement the contracts were cancelled and the moneys paid were expensed.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company is a development stage company engaged in the business of commercializing products and services based upon our spectral signature technology as reflected in our recently filed patent applications. These patent applications pertain to the use of controlled illumination with specific bands of electromagnetic radiation, detection of returned electromagnetic radiation and data management in an innovative manner enabling our devices to establish a unique spectral signature for both individual and classes of items. The unique spectral signature data can potentially be used in a variety of applications in areas such as brand protection, forgery detection, homeland security, medical diagnostics, quality control, fluids monitoring, metal stress analysis, and many others. As of June 30, 2009, the Company has six utility patent applications with the U.S. Patent Office.

The Company purchases its research and development services from outside third party sources. On March 15, 2006, the Company entered into a research and development contract with RATLab LLC, a privately-owned research laboratory in Seattle, Washington. Under the contract, RATLab performs research and development using the Company's existing intellectual property, as well as newly developed research and technologies in order to assist the Company with the commercialization of its core spectral signature technologies. During the twelve-month periods ended September 30, 2008, the Company made no payments for research and development fees to RATLab LLC. RATLab LLC is a research laboratory formed primarily by Dr. Thomas Furness, founder and former director of the Human Interface Technology Lab (HIT Lab) at the University of Washington, and one of the leading researchers in the world in the area of human interface technology. RATLab LLC also employs other leading scientists and research associates in the areas of computer science, imaging technology, and light sensing technology, who are part of the team conducting research on behalf of the Company.

The Company's research and development activities under its Research and Development Contract with RATLab LLC, however, were suspended on July 12, 2007 due to lack of funds. During the three and nine month periods ended June 30, 2009, the Company made no cash payments for research and development fees to RATLab LLC. Developmental activities, however, will resume with the RATLab under the terms of the new licensing agreement with the RatLab, which are set forth below.

On August 20, 2008, the Company entered into a letter of intent with the RatLab LLC. The purpose of the agreement contemplated by the letter of the intent was to achieve resolution of the relationship between the RatLab LLC and the Company and provide a means for a mutually beneficial on-going relationship. On October 23, 2008, the Company and the RatLab LLC entered into definitive agreements which provide for a non-commercial non-exclusive license of the Company's technology to the RatLab LLC for the purpose of continuing research and development with a license back to the Company for enhancements that are developed. Further, an exclusive license was entered into between the Company and the RatLab LLC for four fields of use: medical, agricultural, environmental and jewelry. This exclusive license provides for certain performance milestones, a 5% of gross revenue royalty to the Company for a period of ten years and a ten percent equity participation in any entity to be formed by the RatLab LLC to commercialize the Company's technology in the enumerated fields of use. In this quarterly report, the RatLab contract is incorporated by reference in Item 6, exhibit 10.3.

The Company intends to position its technology as both a revolutionary as well as a practical solution for security and fraud prevention applications and markets. The Company's current focus is to secure customers for its spectral signature technology and to capitalize upon the potential business opportunities in the areas of national security, document forgery/fraud, brand protection, label fraud and product tampering. However, the broad scope of the applications covered by the Company's patent applications may result in new opportunities surfacing from customers desiring prototypes designed to satisfy their specific technology needs. As of June 30, 2009, the Company had no customers.

The Company has developed prototypes which capture the spectral signatures of items and manage the data gathered. These prototypes are being shown to potential customers and funding sources to demonstrate the potential and capabilities of our devices. It is envisioned that once the Company has secured a customer or customers, it will collaborate with the customer to develop devices and specific applications of the Company's technology that are designed to address the customer's unique concerns. The Company will then hire new personnel sufficient to fulfill its development obligations under any contract entered into. In lieu of such hiring, the Company may contract with certain research organizations to perform development activities on behalf of the Company.

Through the formation and development of its Japanese division, the Company plans to facilitate the development of business relationships with Japanese license partners and to help build strong relationships between Visualant and the Japanese marketplace. The Company sees the expansion of Visualant into the Japanese market place as a key strategic move which will allow it to closely align with manufacturers and systems suppliers who can integrate the Visualant technology into their product offerings. During the quarter ended March 31, 2009, the Company filed patents covering its technology in Japan.

On April 17, 2008 the Company announced its intent to acquire a majority owned Japanese subsidiary, Visualant Kabushiki Kaisha ("KK") headquartered in Tokyo, Japan. The Chairman of Visualant KK is Dr. Masahiro Kawahata, who also serves as a member of the Board of Directors for Visualant, Inc. For 100,000 shares of its common stock, Visualant, Inc. plans to purchase 66% of an existing entity of which Dr. Kawahata and Ron Erickson previously owned, and of which they will continue to own, 17% each. As of June 30, 2009, the purchase of the existing entity shares has not closed and the 100,000 Visualant shares have been issued, but still remain in the custody of the Company. They are not counted in the total Company shareholders count. The closing is expected to occur within calendar year 2009.

On February 19 2009, the Company announced the execution of a Letter of Intent for the acquisition of TransTech Systems, Inc. of Wilsonville, OR. TransTech Systems, Inc. founded by President Jim Gingo, is a leading provider of identification, security and authentication products and services through a global dealer channel as well as government and private sector customers worldwide. With over $10 million in annual revenues, TransTech can provide an established market presence for Visualant's verification technology, which should enable a rapid deployment of enhanced security and authentication solutions. The Letter of Intent provides for the acquisition of privately held TransTech by Visualant through a combination of cash and stock and has been extended for 90 days. The closing is anticipated to occur sometime during the fourth fiscal quarter of 2009..

This Report on Form 10-Q contains certain forward-looking statements that are based on current expectations. When used in this discussion, the words "believe", "anticipates", "expects" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected, and should not be regarded as a representation by the Company or any other person that the objectives or plans of the Company will be achieved. The Company may encounter competitive, technological, financial and business challenges making it more difficult than expected to continue to develop and market its products; the market may not accept the Company's future products; the Company may not be able to retain existing key management personnel; and there may be other material adverse changes in the Company's operations or business. Assumptions relating to budgeting, marketing, and other management decisions are subjective in many respects and thus susceptible to interpretations and periodic revisions based on actual experience and business developments, the impact of which may cause the Company to alter its marketing or other budgets, which may in turn affect the Company's financial position and results of operations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are also urged to carefully review and consider the other risk factors relating to the Company and the various disclosures made by the Company that attempt to advise interested parties of factors which affect the Company's business, in the Company's Annual Report on Form 10-KSB for the year ended September 30, 2008 as well as in the Company's periodic reports on Forms 10-Q and 8-K filed with the Securities and Exchange Commission (the "SEC"). The Company's financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

Liquidity and Capital Resources

The Company has no revenue to date from its operations, and its ability to implement its plans for the future will depend on the future availability of financing. Such financing will be required to enable the Company to further develop its spectral signature technology and continue its operations. The Company intends to raise further funds through private placements of the Company's common stock and through short term borrowing. The financing activities of the Company are current and ongoing, and it will expand and accelerate its development program as the timing and amount of financing allow. However, there can be no assurance that the Company will be successful in obtaining additional capital for such technology development from the sale of its capital stock, or in otherwise raising substantial capital.

The Company's cost to continue operations as they are now conducted is approximately $80,000 per month, and the Company does not have sufficient funds to cover existing operations. The Company needs to raise additional funds in order to continue its existing operations, to resume its research and development activities, and to finance its plans to expand its operations for the next year. The Company intends to raise the required funds by obtaining share capital from outside sources. During the quarter, operating funds were advanced to the Company by its Chairman, Ronald P. Erickson and salaries were deferred. If the Company is successful in raising additional funds, the Company's research and development efforts will continue and expand, and overdue accounts payable will be satisfied.

During the nine month period ended June 30, 2009, the Company converted $482,095 of its outstanding indebtedness and accrued interest owed to Coventry Capital into 3,213,967 shares of the Company's common stock. Also occurring in the first fiscal quarter of 2009, in satisfaction of outstanding matters with the RatLab LLC, a total of 1,850,000 shares of the Company's common stock were issued, subject to certain restrictions, to current and former RatLab LLC employees and consultants, in settlement of outstanding matters with the RatLab LLC.

During the nine month period ended June 30, 2009 and excluding the conversion of amounts owed to Coventry Capital, the Company converted $646,122 of its outstanding indebtedness into 3,844,849 shares of the Company's common stock.

On October 8, 2008 the board of directors granted Ron Erickson 500,000 shares of common stock, Lynn Felsinger 300,000 shares of common stock, Dr. Masahiro Kawahata 300,000 shares of common stock, and Jon Pepper, Marco Hegyi, and Yoshitami Arai 50,000 shares of common stock. The shares of common stock were issued for past services performed and board grants.

Off-Balance Sheet Arrangements

The Company currently has no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, revenues or expenses, results of operations, liquidity or capital resources.

ITEM 4T. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's controls and procedures (as defined in the Securities Act of 1934 Rule 13a-15(e) or Rule 15d-15(e)) as of the end of the period covered by this report, have concluded that the Company's disclosure controls and procedures are not effective to give reasonable assurance that the information required to be disclosed in reports that the Company files under the Exchange Act is recorded, processed, summarized and reported as and when required.

(b) Changes in Internal Control Over Financial Reporting

There have been no changes to the Internal Control Over Financial Reporting during the quarter ended June 30, 2009.

PART II. OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the quarter ended June 30, 2009, 1,019,806 shares of common stock were issued. During the nine month period ended June 30, 2009, the Company converted $482,095 of its outstanding indebtedness and accrued interest owed to Coventry Capital into 3,213,967 shares of the Company's common stock. Also occurring in the nine month period ended June 30, 2009, in satisfaction of outstanding matters with the RatLab LLC, a total of 1,850,000 shares of the Company's common stock was issued, subject to certain restrictions, to current and former RatLab LLC employees and consultants, in settlement of outstanding matters with the RatLab LLC. Dr. Thomas Furness and Dr. Brian Schowengerdt were awarded an additional 500,000 shares each which vest upon their completion of performance metrics as outlined in the license dated October 23, 2008.

During the nine month period ended June 30, 2009 and excluding the conversion of amounts owed to Coventry Capital, the Company converted $646,922 of its outstanding indebtedness into 3,844,849 shares of the Company's common stock.

On October 8, 2008 the board of directors granted Ron Erickson 500,000 shares of common stock, Lynn Felsinger 300,000 shares of common stock, Dr. Masahiro Kawahata 300,000 shares of common stock, and Jon Pepper, Marco Hegyi, and Yoshitami Arai 50,000 shares each of common stock. The shares of common stock were issued for past services performed and board grants. The board of directors also granted 250,000 shares valued at $33,750 to Thelon Capital to provide future financial advisory services to the Company designed to help raise working capital. The public market stock price on October 8, 2008 was $0.135 per share.

The 10,408,816 shares issued during the nine month period ended June 30, 2009 were unregistered and fall under the purview of Rule 144 of the Securities Exchange Act of 1934, as amended.

ITEM 6. EXHIBITS

The exhibits required to be filed herewith by Item 601 of Regulation S-K, as described in the following index of exhibits, are attached hereto unless otherwise indicated as being incorporated by reference, as follows:

3.1 Amended and Restated Articles of Incorporation, filed aa an exhibit to the Company's annual report on Form 10-KSB filed on February 9, 2006, and incorporated herein by reference.

3.2 Bylaws incorporated herein by reference to the Company's Registration Statement on Form 10-SB filed on March 11, 1999.

4.1 2005 Combined Incentive and Non-Qualified Stock Option Plan of the Company, filed as an exhibit to the Company's Registration Statement on Form SB-2 filed on August 1, 2005, File no. 333-127100, and incorporated herein by reference.

10.1 Intellectual Property Agreement dated June 16, 2004 between the Company and Kenneth Turpin, filed as an exhibit to the Company's Registration Statement on Form SB-2 filed on August 1, 2005, File No. 333-127100, and incorporated herein by reference.

ITEM 6. EXHIBITS - *continued*

10.2 Letter Agreement dated November 10, 2006 between the Company and Bradley E. Sparks, Chief Executive Officer, President and a member of the Board of Directors, filed as an exhibit to the Company's quarterly report on Form 10-Q filed on February 23, 2009, File no. 000-30262 and incorporated herein by reference.

10.3 Letter Agreement dated October 23, 2008 between the Company and RATLAB, LLC, and affiliates, filed as an exhibit to the Company's quarterly report on Form 10-Q filed on February 23, 2009, File no. 000-30262 and incorporated herein by reference.

31.1 Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

31.2 Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.1 Certificate Pursuant to 18 U.S.C. Section 1350 signed by the Chief Executive Officer

32.2 Certificate Pursuant to 18 U.S.C. Section 1350 signed by the Chief Financial Officer

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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VISUALANT, INCORPORATED

(Registrant)

Date: August 14, 2009	By:	/s/ Bradley E. Sparks Bradley E. Sparks Chief Executive Officer, President, and Director
Date: August 14, 2009	By:	/s/ Bradley E. Sparks Bradley E. Sparks Chief Financial Officer, and Secretary Treasurer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT OF 1934 RULE 13a-14(a) OR 15d-14(a)

I, Bradley E. Sparks, President and Chief Executive Officer of Visualant, Incorporated, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2009 of Visualant, Incorporated, the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2009

By: /s/ Bradley E. Sparks
Bradley E. Sparks
Chief Executive Officer, President and Director

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT OF 1934 RULE 13a-14(a) OR 15d-14(a)

I, Bradley E. Sparks, Chief Financial Officer, Secretary and Treasurer of Visualant, Incorporated, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2009 of Visualant, Incorporated, the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2009

By: /s/ Bradley E. Sparks
Bradley E. Sparks
Chief Financial Officer, Secretary and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Visualant, Incorporated on Form 10-Q for the period ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bradley E. Sparks, Chief Executive Officer, President and Director of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2009

By: /s/ Bradley E. Sparks
Bradley E. Sparks
Chief Executive Officer, President and Director

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Visualant, Incorporated on Form 10-Q for the period ended June 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bradley E. Sparks, Chief Financial Officer and Secretary Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2009

By: /s/ Bradley E. Sparks
Bradley E. Sparks
Chief Financial Officer and Secretary-Treasurer