



**INFORMATION AND DISCLOSURE STATEMENT
FOR THE QUARTER ENDED DECEMBER 31, 2008**

Item 1 NATIONAL SCIENTIFIC CORPORATION

Exact name of the issuer and its principal executive offices.

Exact Name: National Scientific Corporation
Address: 8361 E. Evans Road, Suite 106
Scottsdale, AZ 85260-3617
Telephone (480) 948-8324

Item 2 Shares outstanding.

As of December 31, 2008 and as of the filing of this Quarterly Report, there were 137,276,879 shares of the Company's Common Stock issued and outstanding.

Item 3 Interim financial statements.

The Company's financial statements for the period ended December 31, 2008 are attached hereto.

Item 4 Management's discussion and analysis or plan of operation.

Please refer to the Annual Information and Disclosure Statement for the years ended September 30, 2008 and 2007 published on our website on April 30, 2009 as information contained therein is unchanged.

Item 5 Legal proceedings.

The Company is involved in legal actions in the ordinary course of its business, including those outlined in the Company's Annual OTC Information and Disclosure Statement for the fiscal year ended September 30, 2008. Although the outcome of any such legal actions cannot be predicted, in the opinion of management, there are no legal proceedings pending or asserted against or involving the Company the net outcome of which are likely to have a material adverse effect upon the financial position or results of operations of the Company.

Item 6 Defaults upon senior securities

None for the period ended December 31, 2008 and through the date of this report.

Item 7 Other information

a) Entry into a material definitive agreement:

None for the period ended December 31, 2008 and through the date of this report.

b) Termination of a material definitive agreement:

None for the period ended December 31, 2008 and through the date of this report.

c) Completion of acquisition or disposition of assets, including but not limited to merger:

None for the period ended December 31, 2008 and through the date of this report.

d) Creation of a direct financial obligation or an obligation under an off-balance sheet arrangement of an issuer:

None for the period ended December 31, 2008 and through the date of this report.

e) Triggering events that accelerate or increase a direct financial obligation or an obligation under an off-balance sheet arrangement:

None for the period ended December 31, 2008 and through the date of this report.

f) Costs associated with exit or disposal activities:

None for the period ended December 31, 2008 and through the date of this report.

g) Material impairments:

None for the period ended December 31, 2008 and through the date of this report.

h) Sales of equity securities:

None for the period ended December 31, 2008 and through the date of this report.

i) Material modification to rights of security holders:

None for the period ended December 31, 2008 and through the date of this report. 4

j) Changes in issuer's certifying accountant:

None for the period ended December 31, 2008 and through the date of this report.

k) Non-reliance on previously issued financial statements or a related audit report or completed interim review:

None for the period ended December 31, 2008 and through the date of this report.

l) Changes in control of issuer:

None for the period ended December 31, 2008 and through the date of this report.

m) Departure of directors or officers; election of directors; appointment of principal officers:

On April 30, 2009, Michael A. Grollman submitted his resignation as Chairman and Chief Executive Officer of the Company, in order to pursue other career opportunities. He will remain involved with the Company as a strategic consultant, Director and Chief Technology Officer. Mr. Grollman's resignation was effective April 30, 2009.

On May 4th 2009, Gregory F Szabo, the company's Director, was appointed by the Board of Directors of the Company to assume the responsibilities as Chief Executive Officer and Chairman, on an acting basis.

On the same date, Graham L Clark, the company's President, Secretary and Director, was appointed by the Board of Directors of the Company to assume the responsibilities as Chief Financial Officer, on an acting basis.

n) Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year:

None for the period ended December 31, 2008 and through the date of this report.

o) Amendments to the Issuer's Code of Ethics, or Waiver of a provision of the Code of Ethics:

None for the period ended December 31, 2008 and through the date of this report.

Item 8. Exhibits:

None for the period ended December 31, 2008 and through the date of this report.

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Item 9: Certifications:

I, Graham L. Clark, President of the issuer, certify that:

- (1) I have reviewed this quarterly disclosure statement of National Scientific Corporation;
- (2) Based on my knowledge, this disclosure statement 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 disclosure statement; and
- (3) Based on my knowledge, the financial statements, and other financial information included in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report:

/s/ Graham L Clark

Graham L Clark
President & Acting CFO,
May 8, 2009

NATIONAL SCIENTIFIC CORPORATION

Condensed Balance Sheets

	December 31, 2008	September 30, 2008
ASSETS	(Unaudited)	(Audited)
Current Assets:		
Cash and cash equivalents	\$ 9,936	\$ 7,602
Trade receivables	102,276	101,561
Inventory	14,965	13,523
Other assets	919	342
Total current assets	128,096	123,028
Property and equipment, net	104	207
Deposits	1,985	2,340
Deferred financing costs, net	8,800	10,000
Total assets	\$ 138,985	\$ 135,575
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable - related parties	\$ 630	\$ 262
Accounts payable – other	210,265	190,312
Accrued expenses	1,177,811	1,108,725
Due to factors	79,924	71,604
Notes payable - related party	108,010	133,367
Notes payable – other	34,470	35,170
Total current liabilities	1,611,110	1,539,440
Notes payable, less current portion, net of discount and beneficial conversion feature of \$22,562 at December 31, 2008 and \$25,639 at September 30, 2008	152,438	149,361
Total liabilities	1,763,548	1,688,801
Commitments and contingencies	–	–
Shareholders' deficit:		
Preferred stock, par value \$0.10; 4,000,000 shares authorized, none issued and outstanding	–	–
Common stock, par value \$0.01; 187,000,000 shares authorized, and shares issued and outstanding of 147,276,879 at December 31, 2008 and 137,276,879 at September 30, 2008	1,472,769	1,372,769
Additional paid-in capital	22,548,307	22,623,307
Accumulated deficit	(25,645,639)	(25,549,302)
Total shareholders' deficit	(1,624,563)	(1,553,226)
Total liabilities and shareholder's deficit	\$ 138,985	\$ 135,575

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

NATIONAL SCIENTIFIC CORPORATION

**Condensed Statements of Operations
(Unaudited)**

	Three months ended	
	December 31,	
	2008	2007
Revenue	\$ 164,914	\$ 215,539
Cost of revenue	91,890	123,440
Gross profit	73,024	92,099
Costs and expenses		
Salaries and benefits	65,991	66,238
Research and development	42,850	43,251
Stock compensation	-	14,305
Other	37,837	36,153
Total costs and expenses	146,678	159,947
Loss from operations	(73,654)	(67,848)
Other income (expense)		
Other income	30	-
Interest expense	(21,513)	(22,848)
Amortization of deferred financing costs	(1,200)	(1,200)
	(22,683)	(24,048)
Income (loss) before income taxes	(96,337)	(91,896)
Income tax expense	-	-
Net income (loss)	\$ (96,337)	\$ (91,896)
Net income (loss) per common share, basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding	144,559,488	122,157,972

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

NATIONAL SCIENTIFIC CORPORATION

**Condensed Statements of Cash Flows
(Unaudited)**

	Three months ended December 31,	
	2008	2007
Cash flows from operating activities:		
Net loss	\$ (96,337)	\$ (91,896)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	103	104
Stock issued for services	–	1,000
Stock options issued for services	–	13,305
Amortization of deferred financing costs	1,200	1,200
Amortization of debt discount	2,580	2,580
Amortization of beneficial conversion feature	497	496
Changes in assets and liabilities:		
Decrease (increase) in inventory	(1,442)	3,632
(Increase) in receivables	(715)	(100,658)
(Increase) in other assets and deposits	(222)	(2,610)
Increase in accounts payable and accrued expenses	114,407	46,168
Net cash provided (used in) operating activities	20,071	(126,679)
Cash flows from financing activities:		
Repayment of notes payable	(26,057)	(4,000)
Net proceeds from factors	8,320	56,071
Net cash provided by financing activities	(17,737)	52,071
Net decrease in cash and cash equivalents	2,334	(74,608)
Cash and cash equivalents, beginning of period	7,602	85,887
Cash and cash equivalents, end of period	\$ 9,936	\$ 11,279
Supplementary Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 7,189	\$ 7,140
Conversion of accounts payable and accrued expenses to equity	\$ 25,000	\$ 5,000

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

NATIONAL SCIENTIFIC CORPORATION

**Condensed Statement of Changes in Shareholders' Deficit
For the Three months ended December 31, 2008
(Unaudited)**

	<u>Common</u>	<u>Stock</u>			
	<u>Number of Shares</u>	<u>Par Value</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance at September 30, 2008	137,276,879	\$ 1,372,769	\$ 22,623,307	\$ (25,549,302)	\$ (1,553,226)
Stock issued in exchange of accrued expenses for					
\$0.002	5,000,000	50,000	(40,000)	-	10,000
\$0.003	5,000,000	50,000	(35,000)	-	15,000
Net loss for the three months ended December 31, 2008	-	-	-	(96,337)	(96,337)
Balance at December 31, 2008	<u>147,276,879</u>	<u>\$ 1,472,769</u>	<u>\$ 22,548,307</u>	<u>\$ (25,645,639)</u>	<u>\$ (1,624,563)</u>

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

NATIONAL SCIENTIFIC CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

(Unaudited)

1. Summary of Significant Accounting Policies and Use of Estimates

Nature of Business

Our primary business involves the research, development, manufacture, and sale of mobile Digital Video Recording systems (DVR's) based on small embedded computers that are configured to record digital video and take GPS generated location bread crumbs and then wirelessly communicates this data back to a base station for subsequent review. We write all of our firmware and assemble the hardware components into a finished product.

Our primary customer focus for these products is the safety market, related in many cases to the safety of school age children. Our products and services are typically sold to school district transportation departments or to other distributors who then sell into the school districts. The majority of our distributors are major school bus manufacturer distributors.

Our primary SIC Code is 8711.

Basis of Presentation

The following is a summary of the significant accounting policies followed by National Scientific Corporation (the "Company" or "us").

The accompanying un-audited financial statements do not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been included. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the respective full year.

These financial statements should be read in conjunction with the financial statements and notes included in the Company's Annual OTC Information and Disclosure Statement for the fiscal year ended September 30, 2008.

The results of operations for the three months ended December 31, 2008 are not necessarily indicative of the results to be expected for the entire fiscal year.

Going Concern

The financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that adequate sources of financing will be obtained as required and that our assets will be realized and liabilities settled in the ordinary course of business. Accordingly, the financial statements do not include any adjustments related to the recoverability of assets and classification of assets and liabilities that might be necessary should we be unable to continue as a going concern.

The Company's ability to continue as a going concern is contingent upon its ability to attain profitable operations and secure financing. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to continue as a going concern, we would likely be unable to realize the carrying value of our assets reflected in the balances set out in our financial statements. Historically, our auditors have expressed substantial doubt about the Company's ability to continue as a going concern.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, the sales price is fixed or determinable, collection is reasonably assured and delivery of products has occurred or services have been rendered. Accordingly, the Company recognizes revenues upon shipment of product to customers.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, other receivables, accounts payable and accrued liabilities and notes payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values due to their short duration, unless otherwise noted or their market interest rate.

Earnings per Share

Statement of Financial Accounting Standards No. 128, "Earnings per Share," ("SFAS 128") provides for the calculation of Basic and Diluted earnings per share. Basic earnings per share includes no dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of the Company calculated using the treasury stock method.

Stock-Based Compensation

Effective October 1, 2006, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"), using the modified prospective transition method and therefore the Company has not restated its results for prior periods. Under this method, compensation cost recognized in the three months ended December 31, 2008 and 2007 include compensation cost for all share-based payments, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. All stock based compensation awards were fully vested as of October 1, 2006.

We estimate fair value using the Black-Scholes option-pricing model.

Recent Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). The Company is currently evaluating the impact of SFAS 159 on its financial statements, but does not expect this new accounting pronouncement to have a material impact.

In June 2007, the FASB ratified EITF 06-11 "Accounting for the Income Tax Benefits of Dividends on Share-Based Payment Awards" ("EITF 06-11"). We do not expect EITF 06-11 will have a material impact on our financial statements.

In December 2007, the FASB issued SFAS No. 160 "Non-controlling Interests in Consolidated Financial Statements-an amendment of ARB No. 51". The Company does not expect SFAS 160 will have a material impact on our financial statements.

In December 2007, the FASB issued SFAS No. 141 (Revised) "Business Combinations". The Company does not expect this new accounting pronouncement to have a material impact on our financial statements.

In February 2008, FASB Staff Position (FSP) FSP No. 157-2, "Effective Date of FASB Statement No. 157" (FSP No. 157-2) was issued. We do not expect FSP No. 157-2 will have a material impact on our financial statements.

In March 2008, the FASB issued FASB Statement No. 161 "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161"). We do not expect SFAS 161 will have a material impact on our financial statements.

In April 2008, the FASB FSP 142-3, "Determination of the Useful Life of Intangible Assets." We do not expect FASB FSP 142-3 will have a material impact on our financial statements.

In May 2008, the FASB FSP No. APB 14-1 "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" The Company does not expect the adoption of FSP APB 14-1 to have a material effect on its results of operations and financial condition.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles (SFAS 162), which becomes effective upon approval by the SEC". It is not expected to change any of our current accounting principles or practices and therefore, is not expected to have a material impact on our financial statements.

There were various other accounting standards and interpretations issued during 2009 and 2008, none of which are expected to have a material impact on the Company's financial position, operations or cash flows.

2. Stock-Based Compensation

The Company accounts for stock-based compensation utilizing the fair value recognition provisions of SFAS 123R.

As of December 31, 2008, the Company has the following stock-based compensation plan:

Stock Options

Our board of directors adopted the 2000 Stock Option Plan effective January 1, 2001. Our stockholders formally approved the 2000 Stock Option Plan on February 14, 2001.

As of December 31, 2008, we have granted options to purchase an aggregate of 3,628,666 shares of our common stock, under the plan, leaving a balance of 3,371,334 available for grant. Also as of December 31, 2008, 3,628,666 options are exercisable and 3,628,666 are vested. We have reserved the right to issue a total of 7,000,000 shares of our common stock for issuance under the 2000 Stock Option Plan.

During the three months ended December 31, 2008, no options were granted, no options were exercised, and no options were forfeited.

As required by SFAS 123R, the fair value of each grant is estimated on the date of the grant using the Black-Scholes option pricing method with the following assumptions to value options for the three months ended December 31, 2007:

	<u>2007</u>
Risk - free interest rate	3.86% to 4.33%
Expected life (years)	5
Expected volatility	167.9% to 187.7%
Expected dividends	None
Forfeitures assumed	None
Weighted average grant date fair value	\$0.0120 to \$0.0186

The following table summarizes the stock option activity during the first three months of fiscal year 2009:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (1)	Aggregate Intrinsic Value (2)
Options Outstanding, September 30, 2008	3,628,666	\$ 0.21	6.83	
Granted	-	-		
Exercised	-	-		
Forfeited or expired	-	-		
Options Outstanding, December 31, 2008	<u>3,628,666</u>	<u>\$ 0.21</u>	<u>6.58</u>	<u>\$ -</u>
Options Exercisable December 31, 2008	<u>3,628,666</u>	<u>\$ 0.21</u>	<u>6.58</u>	<u>\$ -</u>

(1) Remaining contractual term is presented in years

(2) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the closing price of our common stock as of December 31, 2008, for those awards that have an exercise price currently below the closing price as of December 31, 2008. Awards with an exercise price above the closing price of \$0.0045 as of December 31, 2008 are considered to have no intrinsic value.

Warrants

During the three months ended December 31, 2008 and 2007, no awards were granted, no share purchase warrants were exercised, and no warrants were forfeited.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (1)	Aggregate Intrinsic Value (2)
Warrants Outstanding, September 30, 2008	17,529,197	\$ 0.16	0.94	
Granted	-	-		
Exercised	-	-		
Expired	-	-		
Warrants Outstanding, December 31, 2008	<u>17,529,197</u>	<u>\$ 0.16</u>	<u>0.68</u>	<u>\$ -</u>

(1) Remaining contractual term is presented in years.

(2) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the closing price of our common stock as of December 31, 2008, for those awards that have an exercise price currently below the closing price as of December 31, 2008. Awards with an exercise price above the closing price as of December 31, 2008 of \$0.0045 are considered to have no intrinsic value.

3. Trade Receivables

Trade Receivables of \$102,276 at December 31, 2008 included factored invoices totaling \$99,905. Trade Receivables of \$101,561 at September 30, 2008 included factored invoices totaling \$89,505. There were no reserves for doubtful accounts at December 31, 2008 and September 30, 2008, as all amounts were deemed collectible.

4. Inventory

Inventories, primarily purchased parts and finished goods, are stated at the lower of cost or market values. Cost is determined on a FIFO (first-in, first-out) basis. There were no reserves at December 31, 2008 and September 30, 2008.

5. Accrued Expenses

Accrued expenses consisted of the following at December 31, 2008 and September 30, 2008:

	<u>December 31, 2008</u>		<u>September 30, 2008</u>	
Salaries and vacation pay - current management and staff	\$	832,116	\$	786,653
Salaries and vacation pay - former employee		29,375		29,375
Payroll taxes for accrued back pay		68,410		62,224
Interest		226,414		216,471
Other liabilities		21,496		14,002
	\$	<u>1,177,811</u>	\$	<u>1,108,725</u>

6. Notes Payable and Long-Term Debt

As of December 31, 2008 and September 30, 2008, long-term debt consisted of the following notes payable:

	<u>December 31, 2008</u>	<u>September 30, 2008</u>
8% note payable to a related party; unsecured; principal and interest due on demand	\$ 108,010	\$ 133,367
12% note payable; secured; due on demand	11,625	11,625
12% note payable; secured; due on demand	20,000	20,000
8% note payable; unsecured; principal payable in full in November 2010;		
with semi-annual interest payments in May and November	175,000	175,000
6% note payable; unsecured; due on demand with 30 days prior notice	2,845	3,545
	<u>317,480</u>	<u>343,537</u>
Less:		
Current portion of long term debt	(142,480)	(168,537)
Discount	(18,920)	(21,500)
Beneficial conversion feature	(3,642)	(4,139)
Long-term debt, net of current portion	<u>\$ 152,438</u>	<u>\$ 149,361</u>

The aggregate maturities of long-term debt were as follows:

	<u>December 31, 2008</u>	<u>September 30, 2008</u>
2009	142,480	168,537
2010	<u>175,000</u>	<u>175,000</u>
	<u>\$ 317,480</u>	<u>\$ 343,537</u>

8. Earnings Per Share

Statement of Financial Accounting Standards No. 128, "Earnings per Share," provides for the calculation of Basic and Diluted earnings per share. Basic income (loss) per share includes no dilution and is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding for the period.

The following table reconciles weighted average shares outstanding to amounts used to calculate basic and diluted earnings per share for the three months ended December 31, 2008 and 2007.

	Three months ended	
	December 31,	
	2008	2007
Net income (loss)	\$ (96,337)	\$ (91,896)
Weighted average shares:		
Average shares outstanding	144,559,488	122,157,972
Effect of diluted shares	—	—
Average shares outstanding adjusted for dilutive effect	144,559,488	122,157,972
Income (loss) per share - basic	\$ 0.00	\$ (0.00)
Income (loss) per share - diluted	\$ 0.00	\$ (0.00)

Incremental common shares (not included in denominator of diluted earnings per share because of their anti-dilutive nature):

	December 31, 2008	December 31, 2007
Options	3,628,666	5,231,756
Warrants	17,529,197	17,714,197
Potential common equivalents	21,157,863	22,945,953

9. Subsequent Events

The Company has been unable to timely pay fees required for the audit of its financial records for the fiscal year ended September 30, 2008, as well as the subsequent quarterly period ended December 31, 2008. As a result of the failure to pay the required audit fees, and the subsequent failure to complete all required filings in a timely manner, on or about February 10, 2009, NSC's share trading moved to the Pink Sheets market. Continuing failure to timely pay these auditor fees and to complete the associated required filings can negatively impact the listing value of the Company's common stock. The Company is working to correct this situation.

On April 30, 2009, Michael A. Grollman submitted his resignation as Chairman and Chief Executive Officer of the Company, in order to pursue other career opportunities. He will remain involved with the Company as a strategic consultant, Director and Chief Technology Officer. Mr. Grollman's resignation was effective April 30, 2009.

On May 4th 2009, Gregory F Szabo, the company's Director, was appointed by the Board of Directors of the Company to assume the responsibilities as Chief Executive Officer and Chairman, on an acting basis.

On the same date, Graham L Clark, the company's President, Secretary and Director, was appointed by the Board of Directors of the Company to assume the responsibilities as Chief Financial Officer, on an acting basis.