

As filed with the Securities and Exchange Commission on \_\_\_\_\_, 2007

Commission File No. 333-\_\_\_\_\_

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM SB-2

Registration Statement Under  
THE SECURITIES ACT OF 1933

SECURITY DEVICES INTERNATIONAL INC.

-----  
(Exact name of registrant as specified in charter)

Delaware	3699	Applied for
-----	-----	-----
(State or other jurisdiction (Primary Standard Classi- of incorporation)	fication Code Number)	(IRS Employer I.D. Number)

120 Adelaide Street West  
Suite 2500  
Toronto, Ontario  
Canada M5H 1T1  
(416) 787-1871

-----  
(Address and telephone number of principal executive offices)

120 Adelaide Street West  
Suite 2500  
Toronto, Ontario  
Canada M5H 1T1

-----  
(Address of principal place of business or intended principal place of business)

120 Adelaide Street West  
Suite 2500  
Toronto, Ontario  
Canada M5H 1T1  
(416) 787-1871

-----  
(Name, address and telephone number of agent for service)

Copies of all communications, including all communications sent  
to the agent for service, should be sent to:

William T. Hart, Esq.  
Hart & Trinen, LLP  
1624 Washington Street  
Denver, Colorado 80203  
303-839-0061

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:  
As soon as practicable after the effective date of this Registration Statement

If any of the securities being registered on this Form are to be offered  
on a delayed or continuous basis pursuant to Rule 415 under the Securities Act  
of 1933, other than securities offered only in connection with dividend or  
interest reinvestment plans, check the following box [X].

If this Form is filed to register additional securities for an offering  
pursuant to Rule 462(b) under the Securities Act, please check the following box  
and list the Securities Act registration statement number of the earlier  
effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c)  
under the Securities Act, check the following box and list the Securities Act

registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

#### CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Proposed Maximum Securities to be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common stock (2)	4,782,120	\$3.35	\$16,020,102	\$1,715

Total

(1) Offering price computed in accordance with Rule 457 (c).

(2) Shares of common stock offered by selling shareholders

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

#### PROSPECTUS

##### SECURITY DEVICES INTERNATIONAL INC.

##### Common Stock

By means of this prospectus a number of shareholders of Security Devices International Inc. are offering to sell up to 4,782,120 shares of common stock. The shares owned by the selling shareholders may be sold in the over-the-counter market, or otherwise, at prices and terms then prevailing or at prices related to the then-current market price, or in negotiated transactions.

SDI will not receive any proceeds from the sale of the common stock by the selling stockholders.

SDI's common stock is listed on the OTC Bulletin Board under the symbol "SDEV".

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

THESE SECURITIES ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. FOR A DESCRIPTION OF CERTAIN IMPORTANT FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS.

The date of this prospectus is \_\_\_\_\_, 2007.

## PROSPECTUS SUMMARY

THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION APPEARING ELSEWHERE IN THIS PROSPECTUS.

Security Devices International, Inc. was incorporated in Delaware on March 1, 2005.

SDI is a defense technology company which is developing LEKTROX, a unique line of wireless electric ammunition for military, homeland security, law enforcement, and professional and home security applications.

Security Devices' offices are located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, Canada M5H 1T1. Security Devices' telephone number is (416) 787-1871.

As of May 10, 2007 SDI had 14,280,050 outstanding shares of common stock.

SDI's website is [www.lektrox.com](http://www.lektrox.com). SDI is not a blank check company required to comply with Rule 419 of the Securities and Exchange Commission.

### The Offering

By means of this prospectus a number of shareholders of SDI are offering to sell up to 4,782,120 shares of SDI's common stock. The shares owned by the selling shareholders may be sold in the over-the-counter market, or otherwise, at prices and terms then prevailing or at prices related to the then-current market price, or in negotiated transactions.

The purchase of the securities offered by this prospectus involves a high degree of risk. Risk factors include the lack of any relevant operating history, losses since SDI was incorporated, and the possible need for SDI to sell more of its common stock to raise additional capital. See "Risk Factors" beginning on page 3 of this prospectus for additional Risk Factors.

### Forward Looking Statements

This prospectus contains various forward-looking statements that are based on SDI's beliefs as well as assumptions made by and information currently available to SDI. When used in this prospectus, the words "believe", "expect", "anticipate", "estimate" and similar expressions are intended to identify forward-looking statements. Such statements may include statements regarding seeking business opportunities, payment of operating expenses, and the like, and are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from projections or estimates. Factors which could cause actual results to differ materially are discussed at length under the heading "Risk Factors". Should one or more of the enumerated risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Investors should not place undue reliance on forward-looking statements, all of which speak only as of the date made.

## RISK FACTORS

The securities being offered involve a high degree of risk. Prospective investors should consider the following risk factors which affect SDI's business and this offering. If any of the risks discussed below materialize, SDI's common stock could decline in value or become worthless.

The failure of SDI to obtain capital may significantly restrict SDI's proposed operations. SDI may need additional capital to fund its operating losses and to expand its business. SDI does not know what the terms of any future capital raising may be but any future sale of SDI's equity securities

would dilute the ownership of existing stockholders and could be at prices substantially below the price of the shares of common stock sold in this offering. The failure of SDI to obtain the capital which it requires will result in the slower implementation of SDI's business plan or its inability of SDI to implement its business plan. There can be no assurance that SDI will be able to obtain any capital which it will need or how long SDI can remain in operation.

SDI will not receive any proceeds from the sale of the shares offered by this prospectus.

SDI is in the development stage. As of the date of this prospectus SDI:

- o had not generated any revenues,
- o did not have any full time employees, and
- o did not have any arrangements with any person to manufacture or sell its LEKTROX.

To enable SDI to continue in business SDI will eventually need to earn a profit or obtain additional financing until SDI is able to earn a profit. As a result of SDI's short operating history it will be difficult for potential investors to evaluate its business and prospects. There can be no assurance that SDI can implement its business plan, that it will be profitable, or that the shares which may be sold in this offering will have any value.

If SDI cannot compete in the non-lethal weapon business it will never earn a profit, in which case SDI may be forced to cease operations. SDI faces competition from numerous sellers of non-lethal weapons, all of which have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than does SDI.

SDI may be unable to earn a profit if law enforcement and corrections agencies do not purchase its products. Law enforcement and corrections agencies may be influenced by claims or perceptions that non-lethal weapons, such as the LEKTROX, are unsafe or may be used in an abusive manner. In addition, earlier generation non-lethal weapons may have been perceived as ineffective. If the

LEKTROX is not widely accepted by the law enforcement and corrections market, SDI may not be able to expand sales of the LEKTROX into other markets.

SDI may face personal injury and other liability claims. The LEKTROX will most likely be used in aggressive confrontations that may result in serious, permanent bodily injury to those involved. A person injured in a confrontation or otherwise in connection with the use of the LEKTROX may bring legal action against SDI to recover damages for personal injury, wrongful death, negligent design, dangerous product or inadequate warning. If successful, personal injury or other claims could have a material adverse effect on SDI. Although SDI plans to carry product liability insurance, litigation could result in an award of monetary damages in excess of any insurance coverage.

Government regulation of the LEKTROX may adversely affect sales. Under current regulations, the LEKTROX will not be a firearm regulated by the Bureau of Alcohol, Tobacco and Firearms, but will be a consumer product regulated by the United States Consumer Product Safety Commission. Although there are currently no federal laws restricting sales of weapons such as the LEKTROX in the United States, future federal regulations could adversely affect SDI's sales. The LEKTROX will be controlled, restricted or its use prohibited by several state and local governments. Some municipalities also prohibit consumer use of products similar to the LEKTROX. Certain foreign jurisdiction, including Japan, the United Kingdom, Australia, Italy and Hong Kong, prohibit the sale of weapons such as the LEKTROX.

If SDI is unable to protect its intellectual property, it may incur substantial costs to protect its rights. The future success of SDI depends in part upon its proprietary technology. SDI has applied for two U.S. patents to protect its technology. Any patents issued to SDI may prove inadequate to protect its proprietary rights, and may not prevent others from developing and selling competing products. The validity and breadth of claims covered in technology patents involve complex legal and factual questions, and the resolution of claims may be highly uncertain, lengthy and expensive. In addition, any patents issued to SDI may be held invalid upon challenge and

others may claim rights in or ownership of its patents.

SDI may not be able to achieve or maintain a competitive position and other technological developments may result in SDI's products becoming uneconomical or obsolete. The non-lethal weapons industry is characterized by changing technology and evolving industry standards and current or future competitors may develop products that are superior to the LEKTROX. It is difficult to predict the rate at which the market for the LEKTROX will grow, if at all. If the market for the LEKTROX fails to grow, or grows more slowly than anticipated, SDI may be unable to earn a profit.

Since SDI's officers plan to devote only a portion of their time to SDI's business, its chances of being profitable will be less than if it had full time management. As of the date of this prospectus SDI had three officers. With the exception of Sheldon Kales, SDI's Chief Executive Officer, the other officers of SDI are employed full-time at other companies and the officers' other responsibilities could take precedence over the officer's duties to SDI.

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Since, at present, there is only a limited market for SDI's common stock, purchasers of the shares offered by this Prospectus may be unable to sell their shares.

Trades of SDI's common stock are subject to Rule 15g-9 of the Securities and Exchange Commission, which imposes certain requirements on broker/dealers who sell securities subject to the rule to persons other than established customers and accredited investors. For transactions covered by the rule, brokers/dealers must make a special suitability determination for purchasers of the securities and receive the purchaser's written agreement to the transaction prior to sale. The Securities and Exchange Commission also has rules that regulate broker/dealer practices in connection with transactions in "penny stocks". Penny stocks generally are equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in that security is provided by the exchange or system). The penny stock rules require a broker/ dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the Commission that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker/dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker/dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker/dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for SDI's common stock. As a result of these rules, investors in this offering, may find it difficult to sell their shares. If purchasers are unable to sell their shares, purchasers may never be able to recover any amounts which they paid for SDI's shares.

#### MARKET FOR SDI'S COMMON STOCK

On August 28, 2006 SDI's common stock was listed on the OTC Bulletin Board under the symbol "SDEV". The following shows the high and low closing prices for SDI's common stock for the periods indicated:

Three Months Ended	High	Low
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November 2006	\$2.65	\$0.15
February 2007	\$3.80	\$1.75

As of May 10, 2007 SDI had approximately 200 shareholders and 14,280,050 outstanding shares of common stock.

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Holders of common stock are entitled to receive dividends as may be declared by the Board of Directors. SDI's Board of Directors is not restricted from paying any dividends but is not obligated to declare a dividend. No dividends have ever been declared and it is not anticipated that dividends will ever be paid.

SDI's Articles of Incorporation authorize its Board of Directors to issue up to 50,000,000 shares of preferred stock. The provisions in the Articles of Incorporation relating to the preferred stock allow SDI's directors to issue preferred stock with multiple votes per share and dividend rights which would have priority over any dividends paid with respect to the holders of SDI's common stock. The issuance of preferred stock with these rights may make the removal of management difficult even if the removal would be considered beneficial to shareholders generally, and will have the effect of limiting shareholder participation in certain transactions such as mergers or tender offers if these transactions are not favored by SDI's management.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

SDI was incorporated on March 1, 2005 and as of the date of this prospectus has not yet generated any revenue. SDI is a defense technology company which is developing LEKTROX, a unique line of wireless electric ammunition for use in military, homeland security, law enforcement, and professional and home security situations.

During the year ended November 30, 2006 substantial all of SDI's cash expenses were related to the development of its LEKTROX technology.

During the three months ended February 28, 2007 more capital was available to SDI and as a result SDI was able to spend more on research and product development.

During the period from inception (March 1, 2005) through February 28, 2007 SDI's operations used \$(973,136) in cash. During this period:

- o SDI borrowed \$4,941 (net) from its officers and directors,
- o raised \$2,761,275 from the sale of 4,176,050 shares of common stock to private investors,
- o raised \$400,000 from the public sale of 2,000,000 shares of common stock at a price of \$0.20 per share, and
- o raised \$95,000 from three of its officers and directors upon the exercise of options to purchase 950,000 shares of common stock.

In April and May 2007 SDI sold 2,139,000 shares of its common stock at a price of \$2.25 per share.

SDI's plan of operation during the twelve-month-period ending April 30, 2007 is as follows:

Activity -----	Projected Completion Date	Estimated Cost -----
Completion of fully operational Long Range LEKTROX prototype (37-38MM) up to production file:	5/07	
Completion of fully operational Long Range LEKTROX prototype (40MM) up to production file:	6/07	
Completion of mechanical aspects of Long Range LEKTROX prototype (12 GUAGE)		2/08
Completion of tooling for Long Range LEXTROX		2/08

Total for above: \$1,460,000

SDI did not have any material future contractual obligations as of April 30, 2007.

SDI anticipates that its capital requirements for the twelve-month period ending April 30, 2008 will be:

Research and Development	\$1,460,000
General and administrative expenses	100,000
Patent filings	30,000
	-----
Total	\$1,590,000
	=====

SDI does not anticipate that it will need to hire any employees prior to August 31, 2007. SDI's future plans will be dependent upon the amount of capital it is able to raise.

SDI does not have any commitments or arrangements from any persons to provide SDI with any additional capital it may need.

## BUSINESS

SDI is currently in the advanced stages of developing LEKTROX, a unique line of wireless electric ammunition for use in military, homeland security, law enforcement, and professional and home security situations.

SDI's LEKTROX system was developed by Elad Engineering, Israel, assisted by:

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- o Dr. Nathan Blaunstein, Professor of Electrical and Computer Engineering at Ben-Gurion University, specializing in Wireless Cellular Communication, radio physics, and electronics;
- o Dr. Yoav Paz, a heart and chest surgery specialist at the Hadassah Medical Center, Jerusalem, member of the European Society of Cardiology; and
- o Emanuel Mendes, an electrical engineer at the forefront of Israel's R&D for almost 50 years.

SDI's strategic collaboration with Elad resulted in the patent pending LEKTROX system. Featuring the unique extended range Wireless Electro-Muscular Disruption Technology, (or "W-EMDT"), SDI's first products, the LEKTROX 37/38mm and 40mm round ammunition will be ready for the market in 2007 with a 12-gauge version to be introduced later.

LEKTROX has been specially designed for use with standards issue riot guns, M203 grenade launchers and regular 12-gauge shotguns. This will allow military, law enforcement agencies etc. to quickly deploy LEKTROX without the need for lengthy, complex training methods or significant functional adjustments to vehicles or personal equipment. Simplicity of use is also a key benefit for the home security market where most users have little or no specialized training.

LEKTROX is a 3rd generation electric solution. First generation solutions were electric batons and hand-held stun guns which had a range of arm's length. 2nd generation were the wired electric charge solutions. 3rd generation are the wireless electric bullets. Currently, there is still no 3rd generation wireless electric bullet on the market.

LEKTROX is being specifically developed to achieve the highest operational success at the greatest distance of those known to be currently in development. Causing instant target incapacitation up to distances of 60 yards, the LEKTOX will give maximum field superiority to military personnel, law enforcement officers and other security operatives in situations that do not call for the use of lethal ammunition.

The LEKTROX Electric Bullet is totally safe in storage, transportation,

handling and loading. Locked in safe mode until its internal electric and mechanical systems are activated by contact with the target, LEKTROX eliminates any possibility of the round's accidental charging.

Exploiting proven fin technologies, the LEKTROX Electric Bullet maintains excellent stability for the highest possible accuracy. In addition LEKTROX achieves distances way beyond those reached by previous generation, wired electric ammunition systems.

In addition to achieving a greater range, the LEKTROX delivers new levels of effectiveness and safety through the use of

- o Unique mechanisms that reduce the projectile's kinetic energy
- o W-EMDT that instantly incapacitates the target without causing serious injury or lethality.

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To reduce kinetic energy levels, the bullet's head is composed of a collapsible material that enlarges the contact surface and absorbs part of the impact. Additional energy is transferred to other absorption mechanisms that use the energy to release the Multiple Mini-Harpoon mechanism and activate the built-in electrical system.

When released, the mini-harpoons fix the bullet irremovably to the target's clothing or body. At the same time, the bullet's electrical system releases a W-EMDT charge that imitates the electro-neural impulses used by the human body. Sending out a control signal to the muscles, this high voltage low current pulse safely overrides the target's nervous system inducing a harmless muscle spasm that causes them to fall to the ground helpless.

Operating at lower than critical cardio-fibrillation levels, the LEKTROX W-EMDT electric output has been designed in line with stringent medical equipment standards that protect patients from permanent injury. Enabling full recovery with no clinical after effects, LEKTROX helps decrease liability for wrongful injury or death.

When introduced, the Short Range LEKTROX will have a safe firing range of 2-10 yards and will be fired from a proprietary system powered by a pressurized air cartridge. Simple to operate, this laser-aiming system will be point and fire exactly as they would with a standard pistol trigger. The round will fire with low recoil enabling a quick firing of a second or third round if necessary.

The cost of manufacturing a LEKTROX electrical round is estimated to be between \$10 and \$12. SDI anticipates that its electric round will sell at a retail price between \$60 and \$75. In comparison, rubber, smoke or stun rounds typically sell for \$20 to \$28. A cartridge for the TASER(R) sells for approximately \$60.

The cost to manufacture a launcher for the Short Range LEKTROX is estimated to be \$150. SDI estimates that the short range launcher will sell at a retail price of approximately \$875 per unit. In comparison, the X26c Citizen Defense System (PISTOL) sells for approximately \$1,000.

SDI anticipates that most of its revenues will be generated from initial and repeat sales of electrical rounds.

As of May 10, 2007 SDI has completed the following steps in the development of the LEKTROX:

- o Design and testing of ballistic rounds.
- o Production of various ballistic rounds.
- o Design of 'electrical arms' to adhere to clothing or skin.
- o Design of safety/armed mechanism.
- o Production of mechanical systems.
- o Design of electrical system.
- o Production of electrical system.

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- o Integration and assembly of mechanical and electrical sub-systems for electrical rounds.



Key steps to be completed include:

- o Testing of different ballistic rounds.
- o Production of completed rounds.
- o Powder loading testing.
- o Testing of complete electrical rounds.
- o Adjustment of electrical rounds based on test results.
- o Testing with military and law enforcement organizations.
- o Completion of fully operational Long Range LEKTROX for production.
- o Clinical testing on animals and humans.

See the section of the prospectus titled "Management's Analysis and Discussion and Plan of Operation" for information regarding the cost and timing of the remaining steps in the development of the LEKTROX.

The electrical aspects of the LEKTROX are being developed by Emanuel Mendez and assisted by D.P. Electronic Systems, Ltd.

The mechanical development of the LEKTROX is being completed by Elad Engineering Ltd., an Israeli company which has designed weapons for the Israeli Military.

During the period from its inception (March 1, 2005) to February 28, 2007 SDI paid \$848,886 to Mr. Mendez, D.P. Electronic Systems, Ltd., Elad Engineering and others for research and development.

SDI does not have written agreements with Elad Engineering or D.P. Electronic Systems for work relating to the development of the LEKTROX.

Once operational prototypes are completed, SDI plans to joint venture or license the LEKTROX to larger companies which have the financial capability, expertise and relationships for manufacturing, distribution, marketing, sales and training. As of the date of this prospectus SDI has not entered into any joint venture or licensing agreements.

#### Competition

The primary competitive factors in the market for non-lethal weapons are a weapon's cost, effectiveness, and ease of use.

In the military market a wide variety of weapon systems are used. Conducted energy devices, such as the LEKTROX, have gained increased acceptance during the last two years as a result of the increased role of military

personnel in Iraq and Afghanistan. Conducted energy weapons have gained limited acceptance in the private citizen market for non-lethal weapons.

SDI's primary competitors will be Taser International, Inc. and Stinger Systems, Inc. The LEKTROX will also compete indirectly with a variety of other non-lethal alternatives, including pepper spray and impact weapons sold by companies such as Armor Holdings, Inc. and Jaycor, Inc.

SDI believes that its competitive advantage will be the ability of the LEKTROX to effectively incapacitate offenders from a distance as far as 75 meters without a trail of wires leading back to the launcher. Stun Gun operators must be in direct physical contact with combatants while the TASER(R) has a range of less than seven meters. In contrast, the LEKTROX will be designed to have a range which is over four times farther than TASER(R), providing a significant safety advantage for enforcement officers and security personnel.

#### Patents

Two patent applications, one for the electrical mechanism and the other for the mechanical mechanism of the LEKTROX, have been filed by SDI with the U.S. Patent Office.

SDI does not hold any foreign patents.

SDI's patents may not protect its proprietary technology. In addition,

other companies may develop products similar to the LEKTROX or avoid patents held by SDI. Disputes may arise between SDI and others as to the scope and validity of its patents. Any defense of its patents could prove costly and time consuming and SDI may not be in a position, or may not consider it advisable, to carry on such a defense. In addition, others may acquire or independently develop the same or similar unpatented proprietary technology used by SDI.

#### Government Regulation

Under current regulations the LEKTROX will be considered a crime control product by the United States Department of Commerce and the export of the LEKTROX will be regulated under export administration regulations. As a result, export licenses from the Department of Commerce will be required for all shipments to foreign countries other than Canada. In addition, the Department of Commerce has regulations which may restrict the export of technology used in the LEKTROX.

The LEKTROX will be controlled, restricted or its use prohibited by several state and local governments. In many cases, the law enforcement and corrections market is subject to different regulations than the private citizen market. Many states have regulations restricting the sale of stun guns and hand-held shock devices, such as the LEKTROX, to private citizens or security personnel.

Foreign regulations pertaining to non-lethal weapons are numerous and often unclear and a number of countries prohibit devices similar to the LEKTROX.

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#### Employees

As of May 10, 2007 SDI did not have any full-time employees.

#### Facilities

SDI's offices are located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, Canada M5H 1T1. SDI's leases this space on a month-to-month basis at a rate of \$1,000 per month. SDI's offices are expected to be adequate to meet SDI's foreseeable future needs.

#### MANAGEMENT

Name	Age	Position
Sheldon Kales	50	Chief Executive Officer and a Director
Boaz Dor	52	Secretary and a Director
Rakesh Malhotra	50	Chief Financial Officer
Gregory Sullivan	40	Director

The directors of SDI serve until the first annual meeting of its shareholders and until their successors have been duly elected and qualified. The officers serve at the discretion of SDI's directors.

Sheldon Kales has been an officer and director of SDI since March 2005. Since February 2004 Mr. Kales has been working on the development of the LEKTROX. Between January 2000 and February 2004 Mr. Kales was the President of Yangtze Telecom, a company which provides messaging and related services for cell phone users in China. Mr. Kales founded, and between 1985 and 2001, operated Argus Investigation Services.

Boaz Dor has been a director of SDI since April 2005 and its Secretary since March 15, 2006. Mr. Dor served in the Israeli Defense Forces from 1972 to 1975. Recruited by the Israeli Secret Services, Mr. Dor was assigned to the International Security Division for Aviation Security for the Israeli Government, eventually assuming the position of Head of Security for the Embassy of Israel and El Al Israel Airlines in Cairo, Egypt, and later, as Vice-Consul and Head of Security for the Israeli Consulate in Toronto and Western Canada and El Al Israel Airlines. In 1989, Mr. Dor resigned from the public sector to open a security consulting firm. In 1991, he was appointed executive director of security for the Seabeco Group of Companies where Mr. Dor oversaw international operations in Switzerland, Belgium, Russia, New York and Toronto. Since 2000 Mr.

Dor has owned and operated Ozone Water Systems Inc., a water purification company.

Rakesh Malhotra has been SDI's Chief Financial Officer since January 7, 2007. Mr. Malhotra is a United States Certified Public Accountant (CPA) and a Canadian Chartered Accountant (CA). Mr. Malhotra graduated with Bachelor of Commerce (Honors) degree from the University of Delhi (India) and worked for A.F Ferguson & Co. (the Indian correspondent for KPMG) and obtained his CA designation in India. Having practiced as an accountant for over ten years in New Delhi, Mr. Malhotra moved to the Middle East and worked for five years with the

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International Bahwan Group in a senior finance position. Between 2000 and 2001 Mr. Malhotra worked as a Chartered Accountant with a medium sized accounting firm in Toronto and then worked for five years as the Vice President of Finance for a private group of companies in Toronto. Since 2005 Mr. Malhotra has also been the Chief Financial Officer for Yukon Gold Corporation Inc.

Gregory Sullivan has been a director of SDI since April 2005. Mr. Sullivan has been a law enforcement officer for the past 20 years. During his law enforcement career, Mr. Sullivan has trained with federal, state and municipal agencies in the United States, Canada and the Caribbean and has gained extensive experience in the use of lethal and non-lethal weapons. Mr. Sullivan has also trained personnel employed by both public and private agencies in the use of force and firearms. Mr. Sullivan served four years with the military reserves in Canada.

SDI does not have a compensation committee. SDI's Board of Directors acts as its Audit Committee. None of SDI's directors is a financial expert. None of SDI's directors are independent as that term is defined in Section 121(A) of the listing standards of the American Stock Exchange. SDI does not believe it needs a financial expert due to its size.

SDI has not adopted a Code of Ethics applicable to its principal executive, financial and accounting officers and persons performing similar functions. SDI does not believe it needs a Code of Ethics sine it does not have any full time employees and does not have any revenue.

#### Executive Compensation

The following table shows the compensation during the period from March 1, 2005 (the inception of the Company) to November 30, 2005, and for the year ended November 30, 2006, paid or accrued, to Sheldon Kales, the Principal Executive Officer of SDI. None of the executive officers of SDI received compensation in excess of \$100,000 during this period.

Name and Principal Position	Fiscal Year	All Other Annual Compensation					Total
		Stock Salary (1)	Option Bonus (2)	Compen- Awards (3)	Awards (4)	sation (5)	
Sheldon Kales, President	2006	--	--	--	\$342,500	--	\$342,500
	2005	--	--	\$ 25,000	--	--	\$ 25,000

- (1) The dollar value of base salary (cash and non-cash) received.
- (2) The dollar value of bonus (cash and non-cash) received.
- (3) During the periods covered by the table, the value of SDI's shares issued as compensation for services to the persons listed in the table.
- (4) The value of all stock options granted during the periods covered by the table.
- (5) All other compensation received that SDI could not properly report in any other column of the table.

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SDI does not have an employment agreement with any of its officers.

The following shows the amounts which SDI expects to pay to its officers during the twelve month period ending December 31, 2007, and the time these persons plan to devote to SDI's business.

Name	Proposed Compensation	Time to be Devoted to the Business of SDI
Sheldon Kales	*	100%
Boaz Dor	*	50%
Rakesh Malhotra	\$18,000	10%
Gregory Sullivan	*	10%

\* These officers/directors have agreed to serve without compensation until SDI has accumulated gross revenues of \$500,000.

Once accumulated revenue reaches \$500,000, SDI's directors may compensate its officers depending upon a variety of factors, including past sales volume and the anticipated results of its future operations. However, there are no sales, net income, or other thresholds which are required for SDI's directors to increase the compensation paid to SDI's officers. SDI may issue shares of its common stock to its officers in payment of compensation owed to its officers.

Long-Term Incentive Plans. SDI does not provide its officers or employees with pension, stock appreciation rights, long-term incentive or other plans and has no intention of implementing any of these plans for the foreseeable future.

Employee Pension, Profit Sharing or other Retirement Plans. SDI does not have a defined benefit, pension plan, profit sharing or other retirement plan, although it may adopt one or more of such plans in the future.

Compensation of Directors. SDI's directors did not receive any compensation for their services as directors during the fiscal year ended November 30, 2006.

#### Stock Option and Bonus Plans

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SDI has adopted stock option and stock bonus plans. A summary description of these plans follows. In some cases these Plans are collectively referred to as the "Plans".

Incentive Stock Option Plan. SDI's Incentive Stock Option Plan authorizes the issuance of shares of SDI's Common Stock to persons that exercise options granted pursuant to the Plan. Only SDI employees may be granted options pursuant to the Incentive Stock Option Plan. The option exercise price is determined by SDI's directors but cannot be less than the market price of SDI's common stock on the date the option is granted.

Non-Qualified Stock Option Plan. SDI's Non-Qualified Stock Option Plan authorizes the issuance of shares of SDI's Common Stock to persons that exercise options granted pursuant to the Plans. SDI's employees, directors, officers, consultants and advisors are eligible to be granted options pursuant to the Plans, provided however that bona fide services must be rendered by such consultants or advisors and such services must not be in connection with the offer or sale of securities in a capital-raising transaction.

Stock Bonus Plan. SDI's Stock Bonus Plan allows for the issuance of shares of common stock to its employees, directors, officers, consultants and advisors. However bona fide services must be rendered by the consultants or advisors and such services must not be in connection with the offer or sale of securities in a capital-raising transaction.

Summary. The following lists, as of May 10, 2007, the options granted pursuant to the Plans. Each option represents the right to purchase one share of SDI's common stock.

Total Shares Reserved	Shares Outstanding	Shares Reserved for Issued as Options/Shares	Remaining
-----------------------	--------------------	--	-----------

Name of Plan	Under Plans	Options	Stock Bonus	Under Plans
Incentive Stock Option Plan	1,000,000	--	N/A	1,000,000
Non-Qualified Stock Option Plan	2,250,000	825,000	N/A	1,425,000
Stock Bonus Plan	150,000	N/A	--	150,000

The following tables show all options granted and exercised by SDI's officers and directors since the inception of SDI and the options held by the officers and directors named below. All of the options listed below were granted pursuant to SDI's Non-Qualified Stock Option Plan.

Options Granted/Exercised

Name	Grant Date	Shares		Expiration Date	Acquired on Exercise (1)	Value Realized (2)
		Options Granted (#)	Exercise Price			
Sheldon Kales	10/29/05	550,000	\$0.10	10/29/11	550,000	\$275,000
Sheldon Kales	10/29/05	100,000	\$0.25	10/29/11		
Boaz Dor	10/29/05	200,000	\$0.10	10/29/11	200,000	\$100,000
Boaz Dor	10/29/05	100,000	\$0.25	10/29/11		
Gregory Sullivan	10/29/05	200,000	\$0.10	10/29/11	200,000	\$100,000
Gregory Sullivan	10/29/05	100,000	\$0.25	10/29/11		
Rakesh Malhotra	01/07/07	125,000	\$1.50	01/07/12		

- (1) The number of shares received upon exercise of options.  
(2) With respect to options exercised, the dollar value of the difference between the option exercise price and the market value of the option shares purchased on the date of the exercise of the options.

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Shares underlying unexercised options as of May 10, 2007 (1)

Name	Exercise Price		Expiration Date
	Exercisable	Unexercisable	
Sheldon Kales	100,000	--	\$0.25 10/29/11
Boaz Dor	100,000	--	\$0.25 10/29/11
Rakesh Malhotra	125,000	--	\$1.50 01/07/12
Gregory Sullivan	100,000	--	\$0.25 10/29/11

- (1) The options listed above will expire on the first to occur of the following:  
(i) the expiration date of the option, (ii) the date the option holder is removed from office for cause, or (iii) the date the option holder resigns as an officer of the Company.

For the purpose of these options "Cause" means any action by the Option Holder or any inaction by the Option Holder which constitutes:

- (i) fraud, embezzlement, misappropriation, dishonesty or breach of trust;
- (ii) a willful or knowing failure or refusal by the Option Holder to perform any or all of his material duties and responsibilities as an officer of SDI, other than as the result of the Option Holder's death or Disability; or
- (iii) gross negligence by the Option Holder in the performance of any or all of his material duties and responsibilities as an officer of SDI, other than as a result of the Option Holder's death or Disability;

For purposes of these options "Disability" means any mental or physical illness, condition, disability or incapacity which prevents the Option Holder from reasonably discharging his duties and responsibilities as an officer of SDI for a minimum of twenty hours per week.

The following table shows the weighted average exercise price of the

outstanding options granted pursuant to SDI's stock option plans as of November 30, 2006, SDI's most recent fiscal year end. SDI's stock option plans have not been approved by its shareholders.

<TABLE>

Plan category	Number of Securities to be Issued Upon Exercise of Outstanding Options (a)	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans, Excluding Securities Reflected in Column (a)
Incentive Stock Option Plan	--	--	1,000,000
Non-Qualified Stock Option Plan	700,000	\$0.46	1,550,000

</TABLE>

#### Transactions with Related Parties and Recent Sales of Securities

The following lists all shares of SDI's common stock which have been issued since its incorporation:

Shareholder	Date of Sale	Consideration Shares Issued	Paid for Shares
Sheldon Kales	3-03-05	2,500,000	Services rendered, valued at \$25,000
Boaz Dor	3-03-05	900,000	Services rendered, valued at \$9,000
Gregory Sullivan	3-03-05	240,000	Services rendered, valued at \$2,400
Alexander Blaunshtein (1)	3-03-05	1,560,000	Services rendered, valued at \$15,600
Consultants	3-03-05	1,325,000	Services rendered, valued at \$13,250
Private Investors	4-15-05	397,880	\$ 99,470
Private Investors	12-31-05	486,000	\$ 48,600
Private Investors	1-31-06	470,000	\$ 47,000
Private Investors	3-08-06	286,000	\$ 50,050
Consultant	3-08-06	50,000	Services rendered, valued at \$8,750
Public Investors	5-06/7-06	2,000,000	\$ 400,000
Sheldon Kales	11-06	550,000	\$ 55,000 (2)
Boaz Dor	11-06	200,000	\$ 20,000 (2)
Gregory Sullivan	11-06	200,000	\$ 20,000 (2)
Private Investors	12-06	2,536,170	\$2,536,170
Private Investors	4-07/5-07	2,139,000	\$4,812,750

(1) Alexander Blaunshtein is the son of Natan Blaunstein, who was a former director of SDI. In March 2007 these shares were purchased by SDI for \$50,000, cancelled, and returned to the status of authorized but unissued shares.

(2) Shares were issued upon the exercise of stock options.

Sheldon Kales, Natan Blaunstein, Boaz Dor and Gregory Sullivan are the promoters and parents of SDI.

The services relating to the shares issued in March 2005 were provided for the development of the LEKTROX and were valued at \$0.01 per share. The 50,000 shares issued in March 2006 to a consultant were issued as compensation for introducing investors to SDI and were valued at \$0.175 per share which is the price, per share, received by SDI for the shares sold for cash in March 2006.

The electrical aspects of the LEKTROX are being developed by Emanuel Mendez and assisted by D.P. Electronic Systems, Ltd., a company controlled by Alexander Blaunstein. Alexander Blaunstein is the son of Natan Blaunstein, who was a former director of SDI. During the period from its inception (March 1, 2005) through February 28, 2007 SDI paid \$168,100 to D.P. Electronic Systems. SDI is of the opinion that its arrangement with D.P. Electronic Systems is at least as favorable as that which SDI could have obtained from any unrelated third party.

#### PRINCIPAL SHAREHOLDERS

The following table shows the ownership of SDI's common stock as of the date of this prospectus by each shareholder known by SDI to be the beneficial owner of more than 5% of SDI's outstanding shares, each director and executive officer and all directors and executive officers as a group. Except as otherwise indicated, each shareholder has sole voting and investment power with respect to the shares they beneficially own.

Name	Number of Shares (1)	Percent of Class
-----	-----	-----
Sheldon Kales	2,992,000	21%
Boaz Dor	1,257,500	8.9%
Rakesh Malhotra	--	--
Gregory Sullivan	405,000	2.8%
Dror Shachar (2)	1,200,000	8.4%
All Officers and Directors as a group (four persons)	4,654,500	32.6%

(1) Does not reflect shares issuable upon the exercise of options.

(2) Dror Shachar holds these shares for the benefit of his father, Mark Shachar.

#### SELLING SHAREHOLDERS

The persons listed in the following table plan to offer the shares shown opposite their respective names by means of this prospectus. The owners of the shares to be sold by means of this prospectus are referred to as the "selling shareholders". Selling shareholders owning 2,536,170 shares acquired their shares from SDI in December 2006 in a private offering at a price of \$1.00 per share. Selling shareholders owning 2,139,000 shares acquired their shares from SDI in April and May 2007 in a private offering at a price of \$2.25 per share. In connection with the 2007 financing, Salman Partners, the sales agent for the offering, received warrants to purchase 106,950 shares of SDI's common stock at a price of \$2.81 per share. The warrants expire in 2009.

SDI will not receive any proceeds from the sale of the shares by the selling shareholders. SDI will pay all costs of registering the shares offered by the selling shareholders. The selling shareholders will pay all sales commissions and other costs of the sale of the shares offered by them.

Name	Share Shares to be Owned	Share Sold in this Offering	Percentage Ownership	
			After Offering	After Offering
-----	-----	-----	-----	-----
Avivit Bodenstein	5,000	5,000	--	--
Dr. Tally Bodenstein	15,000	15,000	--	--
George Boedecker	50,000	50,000	--	--
Craig Butler /Carla Butler	15,000	15,000	--	--
Craig B. Campbell	10,000	10,000	--	--
Bryan Ceresne	167,000	167,000	--	--

Brenda Chisholm	150,000	150,000	--	--
Thomas Courteau	25,000	25,000	--	--
Lawrence Cyna	30,000	30,000	--	--
Danika Associates Limited	25,000	25,000	--	--
Richard Demelo	20,000	20,000	--	--
Bruce Durham	86,670	86,670	--	--
Allen Ezer	10,000	10,000	--	--
Fred Gold	50,000	50,000	--	--
Michael Goldberg	50,000	50,000	--	--
Jordan Golden	30,000	30,000	--	--
David Goodman	62,500	62,500	--	--
Steven Groves	100,000	100,000	----	
Taras Hucal	25,000	25,000	--	--
Erik Kaplan	25,000	25,000	--	--
Jonathan Kaplan	15,000	15,000	--	--

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Name	Shares Owned	Share Percentage	
		Shares to be Sold in this Offering	Ownership After Offering
Sylvie Kaplan	25,000	25,000	-- --
Dr. Arthur Karasik	5,000	5,000	-- --
Kingshield Corporation	25,000	25,000	-- --
Kodiak Metals LLC	100,000	100,000	-- --
Mina Korman	32,000	32,000	-- --
Jeff Leder	5,000	5,000	-- --
Roland Lupka	55,000	55,000	-- --
Howard Malach	100,000	100,000	-- --
Alka Malhotra	10,000	10,000	-- --
Maple Grove Inc.	50,000	50,000	-- --
Don McKinnon	43,000	43,000	-- --
Lyle McLennan	10,000	10,000	-- --
Nickolas Mostowy	10,000	10,000	-- --
NBCN Inc. in Trust for Hampton Securities Limited	200,000	200,000	-- --
Gideon Joe Ng	50,000	50,000	-- --
Thomas Obradovich	50,000	50,000	-- --



Steven Palmer	200,000	200,000	--	--
Duane Parnham	100,000	100,000	--	--
Leib Pillersdorf	50,000	50,000	--	--
S.Pillersdorf	50,000	50,000	--	--

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Name	Shares Owned	Share Shares to be Sold in this Offering	Percentage Ownership	
			After Offering	After Offering
Lorranine Podolsky	25,000	25,000	--	--
Yuval Popper	25,000	25,000	--	--
Onofrio Rago	30,000	30,000	--	--
Roy Ruppert	100,000	100,000	--	--
Ian Savage	25,000	25,000	--	--
Alexander Roy Teeft	10,000	10,000	--	--
Yishmy Waxman	25,000	25,000	--	--
Kenneth M. West	20,000	20,000	--	--
Dr. Sheldon Wise	75,000	75,000	--	--
Talya Wise	15,000	15,000	--	--
2045580 Ontario Limited	25,000	25,000	--	--
1451085 Ontario Ltd.	25,000	25,000	--	--
	-----			
	2,536,170 (1)			
A.J. Voth Professional Corporation	5,000	5,000	--	--
Ascent Relative Value Fund Ltd.	3,500	3,500	--	--
ATC Trustees (Cayman) Ltd.	5,000	5,000	--	--
ATC Trustees (Cayman) Ltd.	5,000	5,000	--	--
Garry Bond	20,000	20,000	--	--
Bribak Holdings, Inc.	30,000	30,000	--	--
Carneo International Ltd.	5,000	5,000	--	--
Brenda Chisholm	150,000	150,000	--	--

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Name	Shares Owned	Share Shares to be Sold in this Offering	Percentage Ownership	
			After Offering	After Offering
Christopher Clark	20,000	20,000	--	--
EAM, Inc.	100,000	100,000	--	--

Tom English	25,000	25,000	--	--
Epic Capital Offshore Inc.	37,300	37,300	--	--
Epic Limited Partnership	259,200	259,200	--	--
Hana Feix and Martin Feix	5,000	5,000	--	--
Louis Goluboff	25,000	25,000	--	--
Raymond Jankelow	2,000	2,000	--	--
JMM Trading	50,000	50,000	--	--
K4 Consulting GMBH	33,000	33,000	--	--
Eckard Kirsch	66,000	66,000	--	--
Kodiak Metals	600,000	600,000	--	--
John Kuhn	2,500	2,500	--	--
Brenda Lewis	13,000	13,000	--	--
Lindsay Sports Therapy, Inc.	25,000	25,000	--	--
Glenna Loggie	10,000	10,000	--	--
Jennifer MacKenzie	100,000	100,000	--	--
Howard Malach	44,500	44,500	--	--
Master Plan Investments	45,000	45,000	--	--
Peter Mathias	5,000	5,000	--	--
MTC Growth Fund I - Inc.	100,000	100,000	--	--

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Name	Shares Owned	Share Percentage Shares to be Sold in this Offering	Ownership	
			After Offering	After Offering
Vincent Mulhall	2,000	2,000	--	--
Frank & Royanne Naccarato	1,800	1,800	--	--
Northern Rivers Capital Mgmt, Inc. on behalf of Horizons Northern Rivers Fund L.P.	16,100	16,100	--	--
Northern Rivers Capital Mgmt, Inc. on behalf of Northern Rivers Innovation Fund L.P.	187,300	187,300	--	--
Northern Rivers Capital Mgmt, Inc. on behalf of Northern Rivers Innovation RSP	19,600	19,600	--	--
Duane Parnham	50,000	50,000	--	--
Elaine Peritz	5,000	5,000	--	--
Alan Peters	5,000	5,000	--	--

Rolesco Limited	11,500	11,500	--	--
Alan Shiner and Faye Shiner	2,000	2,000	--	--
Hartmut Thome and Monika Thome	22,000	22,000	--	--
Robert Waxman	11,500	11,500	--	--
Dennis Zuliani	4,200	4,200	--	--
554485 Alberta, Inc.	10,000	10,000	--	--
Salman Partners Inc.	106,950	106,950 (2)	--	--

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- (1) Shareholders listed above this number purchased their shares from SDI at a price of \$1.00 per share. Shareholders listed below this number, with the exception of Salman Partners, purchased their shares from SDI at a price of \$2.25 per share.
- (2) Represents shares beneficially owned by Salman Partners and issuable upon the exercise of warrants.

With the exception of Dr. Tally Bodenstein and Alka Malhotra no other selling shareholder has, or had, any material relationship with SDI, or SDI' officers or directors. Dr. Bodenstein is the wife of Sheldon Kales and Alka Malhotra is the wife of Rakesh Malhotra.

Lyle McLennan is a registered representative with Blackmount Capital, a Canadian brokerage firm. To SDI' knowledge, no other selling shareholder is affiliated with a securities broker.

The controlling person of each selling shareholder, which is not an individual, is shown below:

Selling Shareholder -----	Controlling Person -----
Danika Associates Limited	Maurice Kagan
Kingshield Corporation	Glen A. Milne
Kodiak Metals LLC	Peter Rebmann and David Jackson
Maple Grove Inc.	Dr. Mark Lindsay
NBCN Inc.	Marcel Cernik (portfolio manager)
2045580 Ontario Limited	Paul Bonder
1451085 Ontario Ltd.	Peter Courteau
A.J. Voth Professional Corporation	Marcel Cernik
Ascent Relative Value Fund Ltd.	David Fawcett and Jason Meiers
ATC Trustees (Cayman) Ltd.	Marcel Cernik
Bribak Holdings, Inc.	Brian Baker
Carmen International Ltd.	William Messer
EAM, Inc.	Gregory Galanis
Epic Capital Offshore Inc.	David Fawcett and Jason Meiers
Epic Limited Partnership	David Fawcett and Jason Meiers
JMM Trading	Glenn Hunt
K4 Consulting GMBH	Dieter Kirsch
Lindsay Sports Therapy, Inc.	Mark Lindsay
Master Plan Investments	Simeon Brandes
MTC Growth Fund I - Inc.	Andrew Martyn
Northern Rivers Capital Mgmt, Inc.	Hugh Cleland
Rolesco Limited	Clifford Waxman
554485 Alberta, Inc.	Dan Van Leeuwen
Salman Partners	Terry Salman

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#### Manner of Sale.

The shares of common stock owned by the selling shareholders may be offered and sold by means of this prospectus from time to time as market

conditions permit. The shares owned by the selling shareholders may be sold in the over-the-counter market, or otherwise, at prices and terms then prevailing or at prices related to the then-current market price, or in negotiated transactions. These shares may be sold by one or more of the following methods, without limitation:

- o a block trade in which a broker or dealer so engaged will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- o purchases by a broker or dealer as principal and resale by such broker or dealer for its account pursuant to this prospectus;
- o ordinary brokerage transactions and transactions in which the broker solicits purchasers; and
- o face-to-face transactions between sellers and purchasers without a broker/dealer.

In competing sales, brokers or dealers engaged by the selling shareholders may arrange for other brokers or dealers to participate. Brokers or dealers may receive commissions or discounts from selling shareholders in amounts to be negotiated. As to any particular broker-dealer, this compensation might be in excess of customary commissions. Neither SDI nor the selling stockholders can presently estimate the amount of such compensation. Notwithstanding the above, no NASD member will charge commissions that exceed 8% of the total proceeds from the sale.

The selling shareholders and any broker/dealers who act in connection with the sale of the shares may be deemed to be "underwriters" within the meaning of ss.2(11) of the Securities Acts of 1933, and any commissions received by them and any profit on any resale of the shares as principal might be deemed to be underwriting discounts and commissions under the Securities Act.

If any selling shareholder enters into an agreement to sell his or her shares to a broker-dealer as principal, and the broker-dealer is acting as an underwriter, SDI will file a post-effective amendment to the registration statement, of which this prospectus is a part, identifying the broker-dealer, providing required information concerning the plan of distribution, and otherwise revising the disclosures in this prospectus as needed. SDI will also file the agreement between the selling shareholder and the broker-dealer as an exhibit to the post-effective amendment to the registration statement.

The selling stockholders may also sell their shares pursuant to Rule 144 under the Securities Act of 1933.

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SDI has advised the selling shareholders that they and any securities broker/dealers or others who may be deemed to be statutory underwriters will be subject to the prospectus delivery requirements under the Securities Act of 1933. SDI has also advised each selling shareholder that in the event of a "distribution" of the shares owned by the selling shareholder, such selling shareholder, any "affiliated purchasers", and any broker/dealer or other person who participates in the distribution may be subject to Rule 102 of Regulation M under the Securities Exchange Act of 1934 ("1934 Act") until their participation in that distribution is completed. Rule 102 makes it unlawful for any person who is participating in a distribution to bid for or purchase stock of the same class as is the subject of the distribution. A "distribution" is defined in Rule 102 as an offering of securities "that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods". SDI has also advised the selling shareholders that Rule 101 of Regulation M under the 1934 Act prohibits any "stabilizing bid" or "stabilizing purchase" for the purpose of pegging, fixing or stabilizing the price of the common stock in connection with this offering.

### DESCRIPTION OF SECURITIES

#### Common Stock

SDI is authorized to issue 50,000,000 shares of common stock. As of May 10, 2007 SDI had 14,280,050 outstanding shares of common stock. Holders of

common stock are each entitled to cast one vote for each share held of record on all matters presented to shareholders. Cumulative voting is not allowed; hence, the holders of a majority of the outstanding common stock can elect all directors.

Holders of common stock are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available for dividends and, in the event of liquidation, to share pro rata in any distribution of SDI's assets after payment of liabilities. The Board of Directors is not obligated to declare a dividend and it is not anticipated that dividends will ever be paid.

Holders of common stock do not have preemptive rights to subscribe to additional shares if issued by SDI. There are no conversion, redemption, sinking fund or similar provisions regarding the common stock. All of the outstanding shares of common stock are fully paid and non-assessable and all of the shares of common stock offered by this prospectus will be, upon issuance, fully paid and non-assessable.

#### Preferred Stock

SDI is authorized to issue 5,000,000 shares of preferred stock. Shares of preferred stock may be issued from time to time in one or more series as may be determined by SDI's Board of Directors. The voting powers and preferences, the relative rights of each such series and the qualifications, limitations and restrictions of each series will be established by the Board of Directors. SDI's directors may issue preferred stock with multiple votes per share and dividend rights which would have priority over any dividends paid with respect to the holders of SDI's common stock. The issuance of preferred stock with these rights may make the removal of management difficult even if the removal would be

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considered beneficial to shareholders generally, and will have the effect of limiting shareholder participation in transactions such as mergers or tender offers if these transactions are not favored by SDI's management. As of the date of this prospectus SDI had not issued any shares of preferred stock.

#### Transfer Agent

Transshare Corporation, 5105 DTC Parkway, Suite 325, Greenwood Village, CO 80111. Telephone 303-662-1112, Fax 303-662-1113.

#### LEGAL PROCEEDINGS

SDI is not involved in any legal proceedings and SDI does not know of any legal proceedings which are threatened or contemplated.

#### INDEMNIFICATION

The Delaware General Corporation law authorizes indemnification of a director, officer, employee or agent of SDI against expenses incurred in connection with any action, suit, or proceeding to which he is named a party by reason of his having acted or served in such capacity, except for liabilities arising from his own misconduct or negligence in performance of his duty. In addition, even a director, officer, employee, or agent of SDI who was found liable for misconduct or negligence in the performance of his duty may obtain such indemnification if, in view of all the circumstances in the case, a court of competent jurisdiction determines such person is fairly and reasonably entitled to indemnification. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, or persons controlling SDI pursuant to the foregoing provisions, SDI has been informed 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.

#### AVAILABLE INFORMATION

SDI has filed with the Securities and Exchange Commission a Registration Statement on Form SB-2 (together with all amendments and exhibits) under the Securities Act of 1933, as amended, with respect to the Securities offered by this prospectus. This prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in

accordance with the rules and regulations of the Securities and Exchange Commission. For further information, reference is made to the Registration Statement which may be read and copied at the Commission's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The registration statement is also available at www.sec.gov, the website of the Securities and Exchange Commission.

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)

FINANCIAL STATEMENTS

PERIODS ENDED NOVEMBER 30, 2006 AND 2005  
Together with Report of Independent Registered Public Accounting Firm  
(Amounts expressed in US Dollars)

SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)

FINANCIAL STATEMENTS  
PERIODS ENDED NOVEMBER 30, 2006 AND 2005  
(Amounts expressed in US Dollars)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of  
Security Devices International, Inc.  
(A Development Stage Enterprise)

We have audited the accompanying balance sheets of Security Devices International, Inc. (incorporated in Delaware, United States of America) as at November 30, 2006 and 2005 and the related statements of operations, cash flows and stockholders' deficiency for the year ended November 30, 2006, the nine month period from inception to November 30, 2005 and the period from inception to November 30, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Security Devices International, Inc. as of November 30, 2006 and 2005, and the results of its operations and its cash flows for the year ended November 30, 2006, the nine month period from inception to November 30, 2005 and the period from inception to November 30, 2006 in accordance with generally accepted accounting principles in the United States of America.

"SCHWARTZ LEVITSKY FELDMAN LLP"

Toronto, Ontario, Canada  
February 20, 2007

Chartered Accountants  
Licensed Public Accountants

SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Balance Sheets  
As at November 30, 2006 and 2005  
(Amounts expressed in US Dollars)

	2006	2005	
ASSETS	\$	\$	
<b>CURRENT</b>			
Cash and cash equivalents	1,463,833	126	
Prepaid expenses and other (Note 8)	4,452	-	
	-----	----	
Total Current Assets	1,468,285	126	
	-----	----	
<b>TOTAL ASSETS</b>	<b>1,468,285</b>	<b>126</b>	
	=====	=====	
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities (Note 4)	104,011	16,076	
Loans from Directors/Shareholders (Note 7)	4,227	8,029	
	-----	----	
Total Current Liabilities	108,238	24,105	
<b>STOCKHOLDERS' EQUITY (DEFICIENCY)</b>			
Capital Stock (Note 5)	11,365	6,923	

Additional Paid-In Capital	3,198,180	157,797	
Deficit Accumulated During the Development Stage	(1,849,498)	(188,699)	
	-----	-----	
Total Stockholders' Equity (Deficiency)	1,360,047	(23,979)	
	-----	-----	
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>1,468,285</b>	<b>126</b>	
	=====	=====	

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

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Statements of Operations  
Year Ended November 30, 2006 and the Period from Inception (March 1, 2005) to  
November 30, 2005 (Amounts expressed in US Dollars)

	Cumulative since inception	2006	2005
	\$	\$	\$
REVENUES	--	--	--
	-----	-----	-----
EXPENSES:			
Research and Product Development Cost	538,300	458,300	80,000
Stock based compensation (Note 6)	1,049,940	1,049,940	--
Other Operating Expenses:			
General and administration	80,808	59,333	21,475
Legal & accounting	97,546	75,572	21,974
Consulting and Professional	82,904	17,654	65,250
	-----	-----	-----
<b>TOTAL EXPENSES</b>	<b>1,849,498</b>	<b>1,660,799</b>	<b>188,699</b>
	-----	-----	-----
<b>LOSS BEFORE INCOME TAXES</b>	<b>(1,849,498)</b>	<b>(1,660,799)</b>	<b>(188,699)</b>
Income taxes (Note 9)	--	--	--
	-----	-----	-----
<b>NET LOSS</b>	<b>(1,849,498)</b>	<b>(1,660,799)</b>	<b>(188,699)</b>
	-----	-----	-----
Loss per share - basic and diluted	(0.19)	(0.03)	
	-----	-----	
Weighted average common shares outstanding	8,623,258	6,808,409	
	-----	-----	

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

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Statement of Cash Flows  
Year Ended November 30, 2006 and Period from Inception  
(March 1, 2005) to November 30, 2005  
(Amounts expressed in US Dollars)

	Cumulative since inception	2006	2005	
	\$	\$	\$	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss for the period	(1,849,498)	(1,660,799)	(188,699)	
Items not requiring an outlay of cash:				
Issue of shares for professional services	74,000	8,750	65,250	
Stock based compensation	1,049,940	1,049,940	--	
Changes in non-cash working capital:				
Accounts payable and accrued liabilities	104,011	87,935	16,076	
Prepaid expenses and other	(4,452)	(4,452)	--	
	-----	-----	-----	
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(625,999)</b>	<b>(518,626)</b>	<b>(107,373)</b>	
	-----	-----	-----	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Loans from directors/shareholders	4,227	(3,802)	8,029	
Proceeds from issuance of common shares	825,105	725,635	99,470	
Exercise of stock options	95,000	95,000	--	
Stock subscriptions received	1,165,500	1,165,500	--	
	-----	-----	-----	
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>2,089,832</b>	<b>1,982,333</b>	<b>107,499</b>	
	-----	-----	-----	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD</b>	<b>1,463,833</b>	<b>1,463,707</b>	<b>126</b>	
Cash and cash equivalents, beginning of period	--	126	--	
	-----	-----	-----	
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>1,463,833</b>	<b>1,463,833</b>	<b>126</b>	
	=====	=====	=====	
<b>INCOME TAXES PAID</b>	<b>--</b>	<b>--</b>	<b>--</b>	
	=====	=====	=====	
<b>INTEREST PAID</b>	<b>--</b>	<b>--</b>	<b>--</b>	
	=====	=====	=====	

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

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Statement of Stockholders' Equity  
Year ended November 30, 2006 and  
for Period from Inception (March 1, 2005) to  
November 30, 2005.  
(Amounts expressed in US Dollars)

	Number of Common Shares	Common Shares amount	Additional Paid-in Capital	Deficit accumulated	Total
	-----	-----	-----	-----	-----
	\$	\$	\$	\$	
Balance as of March 1, 2005	--	--	--	--	--

Issuance of Common shares for professional services	6,525,000	6,525	58,725	--	65,250
Issuance of common shares for cash	397,880	398	99,072		99,470
Net loss for the period	--	--	--	(188,699)	(188,699)
	-----	----	-----	-----	-----
Balance as of November 30, 2005	6,922,880	6,923	157,797	(188,699)	(23,979)
Issuance of common shares for cash	956,000	956	94,644	--	95,600
Issuance of common shares for cash	286,000	286	49,764	--	50,050
Issuance of common shares to consultant for services	50,000	50	8,700	--	8,750
Issuance of common shares for cash	2,000,000	2,000	398,000	--	400,000
Exercise of stock options	950,000	950	94,050	--	95,000
Issuance of common shares for cash (net of agent commission)	200,000	200	179,785	--	179,985
Stock subscriptions received			1,165,500	--	1,165,500
Stock-based compensation	--	--	1,049,940	--	1,049,940
Net loss for the year	--	--	--	(1,660,799)	(1,660,799)
	-----	----	-----	-----	-----
Balance as of November 30, 2006	11,364,880	11,365	3,198,180	(1,849,498)	1,360,047
	-----	-----	-----	-----	-----

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

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Notes to Financial Statements  
November 30, 2006 and 2005  
(Amounts expressed in US Dollars)

## 1. BASIS OF PRESENTATION

The financial statements include the accounts of Security Devices International Inc. (the "Company"). The Company was incorporated under the laws of the state of Delaware on March 1, 2005. The first period of the financial statements commenced March 1, 2005 and ended November 30, 2005.

## 2. NATURE OF OPERATIONS

The Company is currently in the advanced stages of developing LEKTROX, a unique line of wireless electric ammunition for use in military, homeland security, law enforcement, and professional and home security scenarios. LEKTROX has been specially designed for use with standards issue riot guns, M203 grenade launchers and regular 12-gauge shotguns. This will allow military, law enforcement agencies etc. to quickly deploy LEKTROX without the need for lengthy, complex training methods or significant functional adjustments to vehicles or personal equipment. Simplicity of use is also a key benefit for the home security market where most users have little or no specialized training. LEKTROX is a 3rd generation electric solution. First generation solutions were electric batons and hand-held stun guns which had a range of arm's length. 2nd generations were the wired electric charge solutions. 3rd generations are the wireless electric bullets. Currently, there is still no 3rd generation wireless electric bullet on the market.

The Company is in the development stage and has not yet realized

revenues from its planned operations. The Company has incurred a loss of \$ 1,660,799 during the year ended November 30, 2006. At November 30, 2006, the Company had an accumulated deficit during the development stage of \$1,849,498 which includes a non- cash stock based compensation cost of \$1,049,940. The Company has funded operations through the issuance of capital stock. During the year ended November 30, 2006 the Company raised \$1,982,333 primarily through issue of common stock. (See note 5). Subsequent to the year end the company raised an additional \$1,170,670 through issue of common stock. The company has a working capital and shareholders equity of \$1,360,047 as at November 30, 2006 and Management's plan is to continue raising additional funds through future equity or debt financing until it achieves profitable operations

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Notes to Financial Statements  
November 30, 2006 and 2005  
(Amounts expressed in US Dollars)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Use of Estimates

These financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America. Because a precise determination of assets and liabilities, and correspondingly revenues and expenses, depends on future events, the preparation of financial statements for any period necessarily involves the use of estimates and assumption an example being assumptions in valuation of stock options. Actual amounts may differ from these estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

#### b) Income Taxes

The Company accounts for income taxes under the provisions of SFAS No. 109, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred income taxes are provided using the liability method. Under the liability method, deferred income taxes are recognized for all significant temporary differences between the tax and financial statement bases of assets and liabilities.

Current income tax expense (recovery) is the amount of income taxes expected to be payable (recoverable) for the current period. A deferred tax asset and/or liability is computed for both the expected future impact of differences between the financial statement and tax bases of assets and liabilities and for the expected future tax benefit to be derived from tax losses. Valuation allowances are established when necessary to reduce deferred tax asset to the amount expected to be "more likely than not" realized in future tax returns. Tax law and rate changes are reflected in income in the period such changes are enacted. Due to valuation allowance for deferred tax assets, there are no deferred tax benefits or expenses for the years ended November 30, 2006 and 2005.

#### c) Revenue Recognition

The Company's revenue recognition policies are expected to follow common practice in the manufacturing industry.

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Notes to Financial Statements

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### d) Loss per Share

The Company has adopted FAS No. 128, "Earnings per Share", which requires disclosure on the financial statements of "basic" and "diluted" loss per share. Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding for the year. Diluted loss per share is computed by dividing net loss by the weighted average number of common shares outstanding plus common stock equivalents (if dilutive) related to stock options and warrants for each year.

#### e) Fair Values

The carrying amount of the Company's cash, accounts payable and accrued liabilities approximates fair values because of the short term maturity of these instruments.

#### f) Research and Product Development

Research and Product Development costs, other than capital expenditures but including acquired research and product development costs, are charged against income in the period incurred.

#### g) Stock-Based Compensation

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 123 (Revised 2004), "Share-Based Payment" (SFAS 123 (R)). SFAS 123 (R) requires companies to recognize compensation cost for employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The Company adopted the provisions of SFAS 123 (R) on December 1, 2005 using the "modified prospective" application method of adoption which requires the Company to record compensation cost related to unvested stock awards as of November 30, 2005 by recognizing the unamortized grant date fair value of these awards over the remaining service periods of those awards with no change in historical reported earnings. The adoption of this standard did not affect the financial statements for the period ended November 30, 2005, since up to that date, no stock options had been issued. Awards granted after November 30, 2005 are valued at fair value in accordance with the provisions of SFAS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

123 (R) and recognized on a straight line basis over the service periods of each award.

As of November 30, 2006 there was \$Nil of unrecognized expense related to non-vested stock-based compensation arrangements granted. The stock-based compensation expense for the year ended November 30, 2006 and 2005 was \$1,049,940 and \$Nil respectively as no options were granted during the year ended November 30, 2005.

#### h) Foreign Currency

The Company maintains its books, records and banking transactions in U.S. dollars which is its functional and reporting currency. As such, no translation adjustment is created.

i) Comprehensive Income

The Company has adopted SFAS No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting comprehensive income and its components in a financial statement. Comprehensive income as defined includes all changes in equity (net assets) during a period from non-owner sources. Examples of items to be included in comprehensive income, which are excluded from net income, include foreign currency translation adjustments and unrealized gains and losses on available-for-sale securities. Comprehensive income (loss) is not presented in the Company's financial statements since there is no difference between net loss and comprehensive loss in any period presented.

j) Impairment of Long-lived Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The Company evaluates at each balance sheet date whether events and circumstances have occurred that indicate possible impairment. If there are indications of impairment, the Company uses future undiscounted cash flows of the related asset or asset grouping over the remaining life in measuring whether the assets are recoverable. In the event such cash flows are not expected to be sufficient

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
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(Amounts expressed in US Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

to recover the recorded asset values, the assets are written down to their estimated fair value. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value of asset less cost to sell.

k) Asset Retirement Obligation

The Company accounts for asset retirement obligations in accordance with Financial Accounting Standards Board ("FASB") Statement No. 143, "Accounting for Asset Retirement Obligations" ("Statement 143"), which requires that the fair value of an asset retirement obligation be recorded as a liability in the period in which a company incurs the obligation.

l) Concentration of Credit Risk

SFAS No. 105, "Disclosure of Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk", requires disclosure of any significant off-balance sheet risk and credit risk concentration. The Company does not have significant off-balance sheet risk or credit concentration.

m) Cash and Cash Equivalents

Cash consists of cash and cash equivalents, which are short-term, highly liquid investments with original terms to maturity of 90 days or less.

n) Intellectual Property with Respect to Pending Patent Applications

Two patent applications, one for the electrical mechanism and the other for the mechanical mechanism of the LEKTROX, have been filed by

the Company with the U.S. Patent Office. Expenditures for patent applications as a result of research activity are not capitalized due to the uncertain value of the benefits that may accrue.

o) Recent Accounting Pronouncements

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections", which replaces APB Opinion No. 20, "Accounting Changes", and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements - An Amendment of APB Opinion No. 28". SFAS No. 154 provides guidance on the accounting for and reporting of changes in accounting principles and error corrections. SFAS No. 154 requires retrospective application to prior period financial statements of voluntary changes in accounting principles and changes required by new accounting

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SECURITY DEVICES INTERNATIONAL, INC.  
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

standards when the standard does not include specific transition provisions, unless it is impracticable to do so. SFAS No. 154 also requires certain disclosures for restatements due to correction of an error. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005, and are required to be adopted by the Company as of January 1, 2006. The impact that the adoption of SFAS No. 154 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes adopted by the Company and the nature of transitional guidance provided in future accounting pronouncements.

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments - an amendment of FASB Statements No. 133 and 140". This Statement permits fair value of re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation; clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities"; establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and amended SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 is effective for all financial instruments acquired, issued, or subject to a re-measurement (new basis) event occurring after the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company is currently reviewing the effect, if any, the proposed guidance will have on its financial position and operations.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets", which amends SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". In a significant change to current guidance, SFAS No. 156 permits an entity to choose either of the following subsequent

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

measurement methods for each class of separately recognized servicing assets and servicing liabilities: (1) Amortization Method or (2) Fair Value Measurement Method. SFAS No. 156 is effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company is currently reviewing the effect, if any, the proposed guidance will have on its financial position and operations.

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprises' financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attributable for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognizing, classification, interest and penalties, accounting in interim periods, disclosures and transitions. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently reviewing the effect, if any, FIN 48 will have on its financial position and operations.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measures" ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), expands disclosures about fair value measurements, and applies under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 does not require any new fair value measurements, however the FASB anticipates that for some entities, the application of SFAS No. 157 will change current practice. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, which for the Company would be its fiscal year beginning November 1, 2008. The implementation of SFAS No. 157 is not expected to have a material impact on the Company's results of operations and financial condition.

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)". This statement requires employers to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multi-employer plan) as an asset

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 or changes in unrestricted net assets of a not-for-profit organization. This statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. The provisions of SFAS No. 158 are effective for employers with publicly traded equity securities as of the end of

the fiscal year ending after December 15, 2006. The adoption of this statement is not expected to have a material effect on the Company's future reported financial position or results of operations.

In September 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 108 (Topic 1N), "Quantifying Misstatements in Current Year Financial Statements" ("SAB No. 108"). SAB No. 108 addresses how the effect of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB No. 108 requires SEC registrants (i) to quantify misstatements using a combined approach which considers both the balance sheet and income statement approaches; (ii) to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors; and (iii) to adjust their financial statements if the new combined approach results in a conclusion that an error is material. SAB No. 108 addresses the mechanics of correcting misstatements that include effects from prior years. It indicates that the current year correction of a material error that includes prior year effects may result in the need to correct prior year financial statements even if the misstatement in the prior year or years is considered immaterial. Any prior year financial statements found to be materially misstated in years subsequent to the issuance of SAB No. 108 would be restated in accordance with SFAS No. 154, "Accounting Changes and Error Corrections." Because the combined approach represents a change in practice, the SEC staff will not require registrants that followed an acceptable approach in the past to restate prior years' historical financial statements. Rather, these registrants can report the cumulative effect of adopting the new approach as an adjustment to the current year's beginning balance of retained earnings. If the new approach is adopted in a quarter other than the first quarter, financial statements for prior interim periods within the year of adoption may need to be restated. SAB No. 108 is effective for fiscal years ending after November 15, 2006, which for the

SECURITY DEVICES INTERNATIONAL, INC.  
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Company would be its fiscal year beginning December 1, 2007. The implementation of SAB No. 108 is not expected to have a material impact on the Company's results of operations and financial condition.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2006	2005
	----	----
Accounts payable and accrued liabilities are comprised of the following:		
Trade payables	\$ 7,689	\$ 5,210
Accrued liabilities	96,322	10,866
	-----	-----
	<u>\$ 104,011</u>	<u>\$ 16,076</u>

Accrued liabilities relate primarily to research and development and legal and accounting costs.

5. CAPITAL STOCK

a) Authorized

50,000,000 Common shares, \$0.001 par value



And

5,000,000 Preferred shares, \$0.001 par value

SDI's Articles of Incorporation authorize its Board of Directors to issue up to 5,000,000 shares of preferred stock. The provisions in the Articles of Incorporation relating to the preferred stock allow the directors to issue preferred stock with multiple votes per share and dividend rights which would have priority over any dividends paid with respect to the holders of SDI's common stock.

b) Issued

11,364,880 Common shares (2005: 6,922,880 Common shares)

c) Changes to Issued Share Capital

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
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(Amounts expressed in US Dollars)

#### 5. CAPITAL STOCK (cont'd)

November 30, 2005

- i) On March 3, 2005, the Company authorized the issuance of 6,000,000 common shares to promoters for services rendered for total consideration of \$60,000.
- ii) On March 4, 2004, the Company authorized the issuance of 525,000 Common shares for services rendered for total consideration of \$5,250.
- iii) On April 15, 2004 the Company the issuance of 397,880 Common shares for cash for a total consideration of \$99,470.

November 30, 2006

- i) On December 31, 2005 the Company authorized the issuance of 486,000 common shares for cash for a total consideration of \$48,600.
- ii) On January 31, 2006 the Company authorized the issuance of 470,000 common shares for cash for a total consideration of \$47,000.
- iii) On March 8, 2006 the Company authorized the issuance of 286,000 common shares for cash @ \$0.175 per share for a total consideration of \$50,050. On the same day, the Company authorized the issuance of 50,000 shares to a consultant for the services rendered as finder's fees. These services were valued @\$0.175 per common share and expensed as consulting fees in the amount of \$8,750.
- iv) By means of a prospectus dated May 5, 2006 the Company offered to the public up to 2,000,000 shares of its common stock at a price of \$0.20 per share. The Company closed the offering on July 31, 2006 after receiving consideration of \$400,000 and issued 2,000,000 common shares in August, 2006.
- v) The company directors exercised 950,000 stock options to purchase 950,000 common shares for a total consideration of \$95,000 on November 1, 2006.

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SECURITY DEVICES INTERNATIONAL, INC.

#### 5. CAPITAL STOCK (cont'd)

- vi) On November 29, 2006 the company authorized the issuance of 200,000 common shares for cash @\$1.00 per common share. A commission of \$20,015 was paid to the agent and this amount is netted with additional paid in capital. The proceeds received were part of the Private offering effective November 20, 2006.
- vii) As at November 30, 2006 the company received stock subscription for \$1,165,500. This was also part of the private offering effective November 20, 2006. The Company closed this private offering on December 12, 2006 when it had completed the sale of 2,536,170 shares of its common stock to a group of private investors.

#### d) Purchase Warrants

During the current year or prior year, no warrants were issued.

#### 6. STOCK BASED COMPENSATION

Effective October 30, 2006 the Company adopted the following stock option and stock bonus plans.

**Incentive Stock Option Plan.** The Company's Incentive Stock Option Plan authorizes the issuance of shares of its Common Stock to persons that exercise options granted pursuant to the Plan. Only employees may be granted options pursuant to the Incentive Stock Option Plan. The option exercise price is determined by its directors but cannot be less than the market price of its common stock on the date the option is granted. The Company has reserved 1,000,000 common shares under this plan. No options have been issued under this plan as at November 30, 2006.

**Non-Qualified Stock Option Plan.** SDI's Non-Qualified Stock Option Plan authorizes the issuance of shares of its Common Stock to persons that exercise options granted pursuant to the Plans. SDI's employees, directors, officers, consultants and advisors are eligible to be granted options pursuant to the Plans, provided however that bona fide services must be rendered by such consultants or advisors and such services must not be in connection with the offer or sale of securities in a capital-raising transaction. The Company has reserved 2,250,000 common shares under this plan.

#### 6. STOCK BASED COMPENSATION (cont'd)

**Stock Bonus Plan.** SDI's Stock Bonus Plan allows for the issuance of shares of common stock to its employees, directors, officers, consultants and advisors. However bona fide services must be rendered by the consultants or advisors and such services must not be in connection with the offer or sale of securities in a capital-raising transaction. The Company has reserved 150,000 common shares under this plan. No options have been issued under this plan as at November 30, 2006.

On October 31, 2006 the board of directors granted the following options under its Non-Qualified Stock Option Plan:

1. Options to one director to acquire 650,000 common shares. The exercise price for 550,000 options was set at \$0.10 per share and balance 100,000 options were set at \$0.25 per share.
2. Options to one director to acquire 300,000 common shares. The exercise price for 200,000 options was set at \$0.10 per share and balance 100,000 options were set at \$0.25 per share.
3. Options to one director to acquire 300,000 common shares. The exercise price for 200,000 options was set at \$0.10 per share and balance 100,000 options were set at \$0.25 per share.
4. Options to two consultants to acquire 150,000 common share each for a total of 300,000 shares. The exercise price for 300,000 options was set at \$0.50 per share.

The above options vest immediately and have an expiry date of October 29, 2011.

On November 14, 2006 the board of directors granted the following options under its Non-Qualified Stock Option Plan:

Options to one consultant to acquire 100,000 common shares. The exercise price for 100,000 options was set at \$1.00 per share. These options vest immediately and expire on November 14, 2011.

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SECURITY DEVICES INTERNATIONAL, INC.  
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#### 6. STOCK BASED COMPENSATION (cont'd)

For the year ended November 30, 2006, the Company has recognized in the financial statements, stock-based compensation costs as per the following details. The fair value of each option used for the purpose of estimating the stock compensation is based on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	October 31, 2006	November 14, 2006
Risk free rate	3.50%	3.50%
Volatility factor	100%	100%
Expected dividends	nil	nil
Stock-based compensation cost expensed for year ended November 30, 2006	\$892,214	\$157,726
Unexpended stock-based compensation deferred over to next year	nil	nil

The following table summarizes the options outstanding under its Non-Qualified Stock Option Plan as at Nov 30:

Expiry date	Option price per share	Number of shares	
-----	-----	2006	2005
-----	-----	----	----
October 29, 2011	\$0.25	300,000	--
October 29, 2011	\$0.50	300,000	--
November 14, 2011	\$1.00	100,000	--
	-----	-----	
	700,000	--	
	-----	-----	

Weighted average exercise  
price at end of year      \$0.46      --

SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Notes to Financial Statements  
November 30, 2006 and 2005  
(Amounts expressed in US Dollars)

#### 6. STOCK BASED COMPENSATION (cont'd)

	Number of shares	
	2006	2005
	----	----
Outstanding, beginning of year	--	--
Granted	1,650,000	--
Expired	--	--
Exercised	(950,000)	--
Cancelled	--	--
Outstanding, end of year	700,000	--
	-----	-----
Exercisable, end of year	700,000	--
	-----	-----

At November 30, 2006, the weighted average contractual term of the total outstanding, and the total exercisable options under the Non-Qualified Stock Option Plan were as follows:

	Weighted-Average Remaining Contractual Term
Total outstanding options	4.9 years
Total exercisable options	4.9 years

#### 7. RELATED PARTY TRANSACTIONS

- a) During the years ended November 30, 2006 and 2005, no director was paid any compensation in cash. All out of pocket expenses of directors/promoters were expensed. During the year ended November 30, 2006, the Directors were issued Stock Options (Refer to note 6). During the year ended November 30, 2005, the directors/promoters were however issued shares in lieu of services rendered, which were measured and recorded at the exchange amount. The Directors also made advances to the Company to meet the operating expenses. These advances of \$4,227 (2005 \$8,029) are unsecured and bear interest at 4% p.a. Further, a Company Director has charged the Company a total amount of \$2,250 (2005: \$2,250) for providing office space during the year.

SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Notes to Financial Statements  
November 30, 2006 and 2005  
(Amounts expressed in US Dollars)

#### 7. RELATED PARTY TRANSACTIONS (cont'd)

- b) A company controlled by a 13.7% (as of November 30, 2006) shareholder, who is also the son of a director was paid \$106,100 from inception to January 31, 2007 (\$90,100 to November 30, 2006) for research and development (see note 10(c))

#### 8. PREPAID EXPENSES AND OTHER

Includes prepayments made to a consulting group for providing real-time market data, news and innovative tools (2005: \$ nil).

## 9. INCOME TAXES

The Company has certain non-capital losses of approximately \$799,558 (2005: \$188,699) available, which can be applied against future taxable income and which expires in 2025 and 2026. These losses have not been assessed by the tax authorities.

Reconciliation of statutory tax rate to the effective income tax rate is as follows:

Federal statutory income tax rate	(34.0)%
State income taxes, net of tax benefit	(3.5)%
	-----
Deferred tax asset valuation allowance	(37.5)%
	-----
Effective rate	(0.0)%

Deferred tax asset components as of November 30, 2006 and 2005 are as follows:

	2006	2005
Operating losses available to offset future income-taxes	\$799,558	\$188,699
	-----	-----
Expected Income tax recovery at statutory rate of 37.5%	(\$299,834)	(\$70,762)
Valuation Allowance	\$299,834	\$70,762
	-----	-----
Net deferred tax assets	--	--
	-----	-----

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Notes to Financial Statements  
November 30, 2006 and 2005  
(Amounts expressed in US Dollars)

## 9. INCOME TAXES (cont'd)

As the company is in the development stage, it has provided a 100 per cent valuation allowance on the net deferred tax asset as of November 30, 2006 and 2005.

## 10. SUBSEQUENT EVENTS

### a) Unregistered Sales of Equity Securities.

On December 12, 2006 the Company completed the sale of 2,536,170 shares of its common stock to a group of private investors. The shares were sold in the private offering at a price of \$1.00 per share and are restricted securities as that term is defined in Rule 144 of the Securities and Exchange Commission.

The Company paid a commission of \$20,015 in connection with the sale of these shares. The Company received cash of \$ 1,365,500 during the year ended November 30, 2006 and the balance of \$1,170,670 was received subsequent to the year end. The Company relied upon the exemption provided by Section 4(2) of the Securities Act of 1933 for the sale of these shares.

### b) Effective January 7, 2007 the company appointed a CFO and granted stock options to acquire 125,000 common shares. The exercise price for the options was set at \$1.50 per share. These options vest immediately and expire on November 14, 2011. The stock -based compensation cost of \$204,986 will be expensed in the next quarter ending February 28, 2007.

The fair value of each option used for the purpose of estimating the stock compensation is based on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate	3.50%
Volatility factor	122.84%
Expected dividends	nil

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Notes to Financial Statements  
November 30, 2006 and 2005  
(Amounts expressed in US Dollars)

#### 10. SUBSEQUENT EVENTS-Cont'd

- c) The Company has entered into an agreement with a director regarding development of its "Electrical Shocker" ("ES") technology. Pursuant to this agreement, the director was paid \$38,000 and in return has released the Company from a prior obligation to pay royalty from the sale of any product developed using this technology. In addition, the director was paid \$62,000 upon signing the agreement. Should the development of a working industrial prototype of the ES technology be completed to the satisfaction of the Company on or before March 10, 2007, then the son of the director can retain ownership of 1,560,000 shares ("subject shares") representing 13.7% of the common shares of the Company as of November 30, 2006. Should the development of a working industrial prototype of the ES technology not be completed to the satisfaction of the Company on or before March 10, 2007, then the subject shares will be cancelled by the Company and the director will be paid \$50,000 on March 10, 2007. The Company took possession of the subject shares certificate upon execution of the agreement.

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)

INTERIM FINANCIAL STATEMENTS  
FEBRUARY 28, 2007

(Amounts expressed in US Dollars)

(Unaudited)

SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
INTERIM FINANCIAL STATEMENTS  
FEBRUARY 28, 2007  
(Amounts expressed in US Dollars)  
(Unaudited)

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Interim Balance Sheets  
As at February 28, 2007 and November 30, 2006  
(Amounts expressed in US Dollars)  
(Unaudited)

	February 28, 2007	November 30, 2006	
ASSETS	\$	\$	
<b>CURRENT</b>			
Cash and cash equivalents	2,279,701	1,463,833	
Prepaid expenses and other (Note 8)	10,665	4,452	
	-----		
Total Current Assets	2,290,366	1,468,285	
Plant and Equipment, net (Note 4)	8,249	-	
	-----		
<b>TOTAL ASSETS</b>	<b>2,298,615</b>	<b>1,468,285</b>	
	-----		
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	134,208	104,011	
Loans from Directors/Shareholders (Note 7)	4,941	4,227	
	-----		
Total Current Liabilities	139,149	108,238	
	-----		
<b>STOCKHOLDERS' EQUITY</b>			
Capital Stock (Note 5)	13,701	11,365	
Additional Paid-In Capital	4,571,500	3,198,180	
Deficit Accumulated During the Development Stage	(2,425,735)	(1,849,498)	
	-----		
Total Stockholders' Equity	2,159,466	1,360,047	
	-----		
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>2,298,615</b>	<b>1,468,285</b>	

See condensed notes to the interim financial statements.

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SECURITY DEVICES INTERNATIONAL, INC.

(A Development Stage Enterprise)

Statements of Operations

For the Three Months Ended February 28, 2007 and February 28, 2006

(Amounts expressed in US Dollars)

(Unaudited)

	For the quarter ended	For the quarter ended	
	Cumulative since inception \$	February 28, 2007 \$	February 28, 2006 \$
REVENUES	-	-	-
OPERATING EXPENSES:			
Research and Product Development Cost	848,886	310,586	90,175
Stock based compensation (Note 6)	1,254,926	204,986	-
Amortization	130	130	-
Other Operating Expenses:			
General and administration	112,414	31,606	7,744
Legal & accounting	124,141	26,595	18,280
Consulting and Professional	106,260	23,356	-
TOTAL OPERATING EXPENSES	2,446,757	597,259	116,199
LOSS FROM OPERATIONS	(2,446,757)	(597,259)	(116,199)
Other Income-Interest	21,022	21,022	-
LOSS BEFORE INCOME TAXES	(2,425,735)	(576,237)	(116,199)
Income taxes	-	-	-
NET LOSS	(2,425,735)	(576,237)	(116,199)
Loss per share - basic and diluted		(0.04)	(0.02)
Weighted average common shares outstanding	13,415,518	7,398,324	

See condensed notes to the interim financial statements.

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SECURITY DEVICES INTERNATIONAL, INC.



(A Development Stage Enterprise)  
Interim Statement of Cash Flows  
For the Three Months Ended February 28, 2007 and February 28, 2006  
(Amounts expressed in US Dollars)  
(Unaudited)

	For the quarter ended	For the quarter ended	
Cumulative since inception	February 28, 2007	February 28, 2006	
\$	\$	\$	

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss for the period	(2,425,735)	(576,237)	(116,199)
Items not requiring an outlay of cash:			
Issue of shares for professional services	74,000	-	-
Stock based compensation	1,254,926	204,986	-
Amortization	130	130	
Changes in non-cash working capital:			
Accounts payable and accrued liabilities	134,208	30,197	82,467
Prepaid expenses and other	(10,665)	(6,213)	-
	-----	-----	-----

NET CASH USED IN OPERATING ACTIVITIES (973,136) (347,137) (33,732)

-----

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Plant and Equipment	(8,379)	(8,379)	-
	-----	-----	-----

NET CASH USED IN INVESTING ACTIVITIES (8,379) (8,379) -

-----

CASH FLOWS FROM FINANCING ACTIVITIES

Loans from directors/shareholders	4,941	714	4,209
Proceeds from issuance of common shares	3,161,275	1,170,670	95,600
Exercise of stock options	95,000	-	-
	-----	-----	-----

NET CASH PROVIDED BY FINANCING  
ACTIVITIES 3,261,216 1,171,384 99,809

-----

NET INCREASE IN CASH AND CASH  
EQUIVALENTS FOR THE PERIOD 2,279,701 815,868 66,077

Cash and cash equivalents, beginning of period	-	1,463,833	126
	-----	-----	-----

CASH AND CASH EQUIVALENTS, END OF PERIOD 2,279,701 2,279,701 66,203

=====

INCOME TAXES PAID	-	-	-
	=====	=====	=====

INTEREST PAID	-	-	-
	=====	=====	=====

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

SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Interim Statement of Changes in Stockholders' Equity  
Three months ended February 28, 2007 and for Period from Inception (March 1,  
2005) to November 30, 2006.  
(Amounts expressed in US Dollars)  
(Unaudited)

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>
	Number of Common Shares	Common Shares amount \$	Additional Paid-in Capital \$	Deficit accumulated \$	Total
Balance as of March 1, 2005		-	-	-	-
Issuance of Common shares for professional services	6,525,000	6,525	58,725	-	65,250
Issuance of common shares for cash	397,880	398	99,072		99,470
Net loss for the period		-	-	(188,699)	(188,699)
Balance as of November 30, 2005		6,922,880	6,923	157,797	(188,699) (23,979)
Issuance of common shares for cash	956,000	956	94,644	-	95,600
Issuance of common shares for cash	286,000	286	49,764	-	50,050
Issuance of common shares to consultant for services	50,000	50	8,700	-	8,750
Issuance of common shares for cash	2,000,000	2,000	398,000	-	400,000
Exercise of stock options	950,000	950	94,050	-	95,000
Issuance of common shares for cash (net of agent commission)	200,000	200	179,785	-	179,985
Stock subscriptions received			1,165,500	-	1,165,500
Stock based compensation		-	1,049,940	-	1,049,940
Net loss for the year		-	-	(1,660,799)	(1,660,799)
Balance as of November 30, 2006		11,364,880	11,365	3,198,180	(1,849,498) 1,360,047
Issuance of common shares for stock subscriptions received in prior year	1,165,500	1,165	(1,165)	-	-
Issuance of common shares for cash	1,170,670	1,171	1,169,499		1,170,670
Stock based compensation			204,986		204,986
Net loss for the three month period ended February 28, 2007		-	-	-	(576,237) (576,237)
Balance as of February 28, 2007		13,701,050	13,701	4,571,500	(2,425,735) 2,159,466

</TABLE>

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

## 1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of all recurring accruals) considered necessary for fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ended November 30, 2007. Interim financial statements should be read in conjunction with the company's annual audited financial statements for the year ended November 30, 2006.

The Company was incorporated under the laws of the state of Delaware on March 1, 2005. The interim financial statements include the accounts of Security Devices International Inc. (the "Company").

## 2. NATURE OF OPERATIONS

The Company is currently in the advanced stages of developing LEKTROX, a unique line of wireless electric ammunition for use in military, homeland security, law enforcement, and professional and home security scenarios. LEKTROX has been specially designed for use with standards issue riot guns, M203 grenade launchers and regular 12-gauge shotguns. This will allow military, law enforcement agencies etc. to quickly deploy LEKTROX without the need for lengthy, complex training methods or significant functional adjustments to vehicles or personal equipment. Simplicity of use is also a key benefit for the home security market where most users have little or no specialized training. LEKTROX is a 3rd generation electric solution. First generation solutions were electric batons and hand-held stun guns which had a range of arm's length. 2nd generations were the wired electric charge solutions. 3rd generations are the wireless electric bullets. Currently, there is still no 3rd generation wireless electric bullet on the market.

The Company is in the development stage and has not yet realized revenues from its planned operations. The Company has incurred a loss of \$ 576,237 during the three month period ended February 28, 2007. At February 28, 2007, the Company had an accumulated deficit during the development stage of \$2,425,735 which includes a non-cash stock based compensation cost of \$1,254,926. The Company has funded operations through the issuance of capital stock. During the year ended November 30, 2006 the Company raised \$1,982,333 primarily through issue of common stock. (See note 5). During the quarter ended February 28, 2007, the company raised an additional \$1,170,670 through issue of common stock. The company has a working capital of \$ 2,151,217 and shareholders' equity of \$2,159,466 as at February 28, 2007. Management's plan is to continue raising additional funds through future equity or debt financing until it achieves profitable operations.

## 3. RESEARCH AND PRODUCT DEVELOPMENT

Research and Product Development costs, other than capital expenditures but including acquired research and product development costs, are charged against income in the period incurred.

## 4. PLANT AND EQUIPMENT, NET

Plant and equipment are recorded at cost less accumulated depreciation. Depreciation is provided commencing in the month following acquisition using the following annual rate and method:

Computer equipment    30% declining balance method

	February 28, 2007		November 30, 2006	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Computer equipment	\$8,379	\$ 130	\$ -	\$ -
	<u>\$8,379</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ -</u>
Net carrying amount		<u>\$8,249</u>		<u>\$Nil</u>

## 5. ISSUANCE OF CAPITAL STOCK

Year ended November 30, 2006

- i) On December 31, 2005 the Company authorized the issuance of 486,000 common shares for cash for a total consideration of \$48,600.
- ii) On January 31, 2006 the Company authorized the issuance of 470,000 common shares for cash for a total consideration of \$ 47,000.

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Condensed Notes to Interim Financial Statements  
February 28, 2007  
(Amounts expressed in US Dollars)  
(Unaudited)

## 5. ISSUANCE OF CAPITAL STOCK -Cont'd

Year ended November 30, 2006 (cont'd)

- iii) On March 8, 2006 the Company authorized the issuance of 286,000 common shares for cash @ \$0.175 per share for a total consideration of \$50,050. On the same day, the Company authorized the issuance of 50,000 shares to a consultant for the services rendered as finder's fees. These services were valued @\$0.175 per common share and expensed as consulting fees in the amount of \$8,750.
- iv) By means of a prospectus dated May 5, 2006 the Company offered to the public up to 2,000,000 shares of its common stock at a price of \$0.20 per share. The Company closed the offering on July 31, 2006 after receiving consideration of \$400,000 and issued 2,000,000 common shares in August, 2006.
- v) The company directors exercised 950,000 stock options to purchase 950,000 common shares for a total consideration of \$95,000 on November 1, 2006.
- vi) On November 29, 2006 the company authorized the issuance of 200,000 common shares for cash @\$1.00 per common share. A commission of \$20,015 was paid to the agent and this amount is netted with additional paid in capital. The proceeds received were part of the Private offering effective November 20, 2006.

- vii) As at November 30, 2006 the company received stock subscription for \$1,165,500. This was also part of the private offering effective November 20, 2006. The Company closed this private offering on December 12, 2006 when it had completed the sale of 2,536,170 shares of its common stock to a group of private investors.

Three months ended February 28, 2007

On December 12, 2006 the Company completed the sale of 2,536,170 shares of its common stock to a group of private investors. The shares were sold in the private offering at a price of \$1.00 per share and are restricted securities as that term is defined in Rule 144 of the Securities and Exchange Commission. Company had already issued 200,000 common shares on November 29, 2006 and it issued the balance 2,336,170 shares on December 12, 2006. The Company relied upon the exemption provided by Section 4(2) of the Securities Act of 1933 for the sale of these shares.

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## SECURITY DEVICES INTERNATIONAL, INC.

(A Development Stage Enterprise)

Condensed Notes to Interim Financial Statements

February 28, 2007

(Amounts expressed in US Dollars)

(Unaudited)

### 6. STOCK BASED COMPENSATION

Effective January 7, 2007 the company appointed a CFO and granted stock options to acquire 125,000 common shares under its Non-Qualified Stock Option Plan. The exercise price for the options was set at \$1.50 per share. These options vest immediately and expire on November 14, 2011. The stock based compensation cost of \$204,986 has been expensed in this quarter.

The fair value of each option used for the purpose of estimating the stock compensation is based on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate	3.50%
Volatility factor	122.84%
Expected dividends	nil

As of February 28, 2007 there was \$Nil of unrecognized expense related to non-vested stock-based compensation arrangements granted.

### 7. RELATED PARTY TRANSACTIONS

- a) During the three month period ended February 28, 2007, all out of pocket expenses of directors/promoters were expensed. The Directors also made advances to the Company to meet the operating expenses. These advances of \$4,941 as at February 28, 2007 are unsecured and bear interest at 4% p.a.
- b) A company controlled by a 13.7% (as of November 30, 2006) shareholder, who is also the son of a director was paid \$168,100 from inception to February 28, 2007 (\$78,000 for the three months ended February 28, 2007) for research and development (see note 9 (b))

### 8. PREPAID EXPENSES AND OTHER

Includes prepayments made for directors' and officers insurance for \$10,665.

9. SUBSEQUENT EVENTS

- a) The Company had entered into an agreement with a director regarding development of its "Electrical Shocker" ("ES") technology. Pursuant to this agreement, the director was paid \$38,000 and in return had released the Company from a prior obligation to pay royalty from the sale of any product developed using this technology. In addition, the director was paid an additional \$62,000 in February, 2007 upon signing the agreement. As per the agreement terms, should the development of a working industrial prototype of the ES technology be completed to the satisfaction of the Company on or before March 10, 2007, then the son of the director can retain ownership of 1,560,000 shares ("subject shares") representing 13.7% of the common shares of the Company as of November 30, 2006. Should the development of a working industrial prototype of the ES technology not be completed to the satisfaction of the Company on or before March 10, 2007, then the subject shares will be cancelled by the Company and the director will be paid a full and final payment of \$50,000. In the absence of acceptance of the technology by the Company, the Company cancelled 1,560,000 shares and the director was paid \$50,000 on March 12, 2007.
- b) On March 12, 2007, the Company authorized the issuance of 50,000 common shares at \$1.50 per share for cash to a consultant for past and on-going consulting services, the fair value of these services have been estimated at \$155,000 being the market price of these shares on date of authorization. The difference of \$80,000 between the fair value and the cash proceeds received will be expensed to consulting fees and credited to paid in capital in the next quarter.
- c) The Company has signed a letter of intent with a third party Agent on a best effort basis for a private placement offering of Common Shares in the amount of US\$ 5 million.

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information or to make any representation not contained in this prospectus, and if given or made, such information or representations must not be relied upon as having been authorized by Security Devices. This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities offered in any jurisdiction to any person to whom it is unlawful to make an offer by means of this prospectus.

PART II  
Information Not Required in Prospectus

Item 24. Indemnification of Officers and Directors The Delaware General Corporation law provides that the Company may indemnify any and all of its officers, directors, employees or agents or former officers, directors, employees or agents, against expenses actually and necessarily incurred by them, in connection with the defense of any legal proceeding or threatened legal proceeding, except as to matters in which such persons shall be determined to not have acted in good faith and in the Company's best interest.

Item 25. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses payable by the Company in connection with the issuance and distribution of the securities being registered. Although no expenses will be charged to the selling stockholders, it is estimated that the cost of registering the shares to be offered by the selling shareholders will be \$2,000, which is included as part of the total costs of the offering shown below.

SEC Filing Fee	\$ 1,715
Blue Sky Fees and Expenses	1,000
Printing Expenses	200
Legal Fees and Expenses	20,000
Accounting Fees and Expenses	5,000
Miscellaneous Expenses	2,085
	-----
TOTAL	\$30,000
	=====

All expenses other than the SEC filing fee are estimated.

Item 26. Recent Sales of Unregistered Securities.

The following lists all shares issued by the Company since its inception which were not registered with the Securities and Exchange Commission.

Name	Date	Shares	Consideration	Note	Reference
----	----	-----	-----	-----	-----
Sheldon Kales	3-03-05	2,300,000	Services rendered, valued at \$23,000		B
Boaz Dor	3-03-05	900,000	Services rendered, valued at \$9,000		B
Gregory Sullivan	3-03-05	40,000	Services rendered, valued at \$400		B
Dror Shachar	3-03-05	1,200,000	Services rendered, valued at \$12,000		B
Alexander Blaunshtein	3-03-05	1,560,000	Services rendered, valued at \$15,600		B, C
Sheldon Kales	3-04-05	200,000	Services rendered, valued at \$2,000		B

Name	Date	Shares	Consideration	Note	Reference
------	------	--------	---------------	------	-----------

Gregory Sullivan	3-04-05	200,000	Services rendered, valued at \$2,000	B
Tibor I. Barsony	3-04-05	75,000	Services rendered, valued at \$750	B
Morry Patoka	3-04-05	50,000	Services rendered, valued at \$500	B
Ted Calabretta	4-15-05	57,880	\$ 14,470	B
Mark Simmons	4-15-05	120,000	\$ 30,000	B
Norman and Wendy Simmons	4-15-05	20,000	\$ 5,000	B
Richard Savage	4-15-05	40,000	\$ 10,000	B
Tibor I. Barsony	4-15-05	160,000	\$ 40,000	B
Mark Bodenstein	12-31-05	40,000	\$ 4,000	B
John W. Gladding	12-31-05	6000	\$ 600	B
Tom Kellner	12-31-05	10,000	\$ 1,000	B
Agnes Gergely	12-31-05	10,000	\$ 1,000	B
Rob Barsony	12-31-05	50,000	\$ 5,000	B
Julie Wright	12-31-05	50,000	\$ 5,000	B
David Goodman	12-31-05	100,000	\$ 10,000	B
Allan Zener	12-31-05	50,000	\$ 5,000	B
Ted Calabretta	12-31-05	50,000	\$ 5,000	B
Avivit Bodenstein	12-31-05	10,000	\$ 1,000	B
Dr. Tally Bodenstein	12-31-05	50,000	\$ 5,000	B
Mark Simmons	12-31-05	30,000	\$ 3,000	B
Wendy and Norman Simmons	12-31-05	10,000	\$ 1,000	B
Luis Gil	12-31-05	10,000	\$ 1,000	B
Peter Gil	12-31-05	10,000	\$ 1,000	B
Lyle McLennan	1-31-06	20,000	\$ 2,000	B
Richard Savage	1-31-06	50,000	\$ 5,000	B
Len Lombardi	1-31-06	10,000	\$ 1,000	B
Maxine Levine	1-31-06	5,000	\$ 500	B
Andrea Levine	1-31-06	5,000	\$ 500	B
Patti Ballas	1-31-06	5000	\$ 500	B
Ezra Ballas	1-31-06	5000	\$ 500	B
Nahum Kaplan	1-31-06	10,000	\$ 1,000	B
Eric Kaplan	1-31-06	10,000	\$ 1,000	B
Sylvie Kaplan	1-31-06	10,000	\$ 1,000	B
Jonathan Kaplan	1-31-06	10,000	\$ 1,000	B
Sydney Ceresne	1-31-06	10,000	\$ 1,000	B
Bryan Ceresne	1-31-06	10,000	\$ 1,000	B
Roland Lupka	1-31-06	20,000	\$ 2,000	B
Cindy Diamo	1-31-06	20,000	\$ 2,000	B
Rosika Boden	1-31-06	60,000	\$ 6,000	B
Brenda M.Chisholm	1-31-06	100,000	\$ 10,000	B
Christine McArthur	1-31-06	5000	\$ 500	B
Michael John McArthur	1-31-06	10,000	\$ 1,000	B
Steve MacDonald	1-31-06	10,000	\$ 1,000	B
Linda MacDonald	1-31-06	10,000	\$ 1,000	B

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Name	Date	Shares	Consideration	Note	Reference
Kevin McGovern	1-31-06	10,000	\$ 1,000		B
Steve Kessel	1-31-06	10,000	\$ 1,000		B
Oleh Kupraty	1-31-06	10,000	\$ 1,000		B
Kevin Wood	1-31-06	10,000	\$ 1,000		B
Amand Schofield	1-31-06	5,000	\$ 500		B
Brian Griffith	1-31-06	10,000	\$ 1,000		B
Roy Teeft	1-31-06	10,000	\$ 1,000		B
Craig Campbell	1-31-06	10,000	\$ 1,000		B
Abe Goldstein	3-08-06	30,000	\$ 5,250		A
Kathy Schneider	3-08-06	30,000	\$ 5,250		B
Robert Schneider	3-08-06	50,000	\$ 8,750		B
Ian Zive	3-08-06	20,000	\$ 3,500		B
Mandy Schneider	3-08-06	156,000	\$ 27,300		B
George Schneider	3-08-06	50,000	Services rendered valued at \$8,750		B
Avivit Bodenstein	12-11-06	5,000	\$ 5,000		B



Tally Bodenstein	12-11-06	15,000	\$ 15,000	B
George Boedecker	12-11-06	50,000	\$ 50,000	A
Craig Butler /Carla Butler	12-11-06	15,000	\$ 15,000	B
Craig B. Campbell	12-11-06	10,000	\$ 10,000	B
Bryan Ceresne	12-11-06	167,000	\$ 167,000	B
Brenda Chisholm	12-11-06	150,000	\$ 150,000	B
Thomas Courteau	12-11-06	25,000	\$ 25,000	B
Lawrence Cyna	12-11-06	30,000	\$ 30,000	B
Danika Associates Limited	12-11-06	25,000	\$ 25,000	B
Richard Demelo	12-11-06	20,000	\$ 20,000	B
Bruce Durham	12-11-06	86,670	\$ 86,670	B
Allen Ezer	12-11-06	10,000	\$ 10,000	B
Fred Gold	12-11-06	50,000	\$ 50,000	B
Michael Goldberg	12-11-06	50,000	\$ 50,000	B
Jordan Golden	12-11-06	30,000	\$ 30,000	B
David Goodman	12-11-06	62,500	\$ 62,500	B
Steven Groves	12-11-06	100,000	\$ 100,000	B
Taras Hucal	12-11-06	25,000	\$ 25,000	B
Erik Kaplan	12-11-06	25,000	\$ 25,000	B
Jonathan Kaplan	12-11-06	15,000	\$ 15,000	B
Sylvie Kaplan	12-11-06	25,000	\$ 25,000	B
Dr. Arthur Karasik	12-11-06	5,000	\$ 5,000	B
Kingshield Corporation	12-11-06	25,000	\$ 25,000	B
Kodiak Metals LLC	12-11-06	100,000	\$ 100,000	A
Mina Korman	12-11-06	32,000	\$ 32,000	B
Jeff Leder	12-11-06	5,000	\$ 5,000	B
Roland Lupka	12-11-06	55,000	\$ 55,000	B
Howard Malach	12-11-06	100,000	\$ 100,000	B
Alka Malhotra	12-11-06	10,000	\$ 10,000	B
Maple Grove Inc.	12-11-06	50,000	\$ 50,000	B

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Name	Date	Shares	Consideration	Note	Reference
Don McKinnon	12-11-06	43,000	\$43,000		B
Lyle McLennan	12-11-06	10,000	\$10,000		B
Nickolas Mostowy	12-11-06	10,000	\$10,000		B
Hampton Securities Limited	12-11-06	200,000	\$200,000		B
Gideon Joe Ng	12-11-06	50,000	\$50,000		B
Thomas Obradovich	12-11-06	50,000	\$50,000		B
Steven Palmer	12-11-06	200,000	\$200,000		B
Duane Parnham	12-11-06	100,000	\$100,000		B
Leib Pillersdorf	12-11-06	50,000	\$50,000		B
S.Pillersdorf	12-11-06	50,000	\$50,000		B
Lorranine Podolsky	12-11-06	25,000	\$25,000		B
Yuval Popper	12-11-06	25,000	\$25,000		B
Onofrio Rago	12-11-06	30,000	\$30,000		B
Roy Ruppert	12-11-06	100,000	\$100,000		B
Ian Savage	12-11-06	25,000	\$25,000		B
Alexander Roy Teeft	12-11-06	10,000	\$10,000		B
Yishmy Waxman	12-11-06	25,000	\$25,000		B
Kenneth M. West	12-11-06	20,000	\$20,000		B
Dr. Sheldon Wise	12-11-06	75,000	\$75,000		B
Talya Wise	12-11-06	15,000	\$15,000		B
2045580 Ontario Limited	12-11-06	25,000	\$25,000		B
1451085 Ontario Ltd.	12-11-06	25,000	\$25,000		B
A.J. Voth Professional Corporation	4-25-07	5,000	\$ 11,250		B
Ascent Relative Value Fund Ltd.	4-25-07	3,500	\$ 7,875		B
ATC Trustees (Cayman) Ltd.	4-25-07	5,000	\$ 11,250		B
ATC Trustees (Cayman) Ltd.	4-25-07	5,000	\$ 11,250		B
Garry Bond	4-25-07	20,000	\$ 45,000		B
Bribak Holdings, Inc.	4-25-07	30,000	\$ 67,500		B
Carmeo International Ltd.	4-25-07	5,000	\$ 11,250		B
Brenda Chisholm	4-25-07	150,000	\$ 337,500		B
Christopher Clark	4-25-07	20,000	\$ 45,000		B
EAM, Inc.	4-25-07	100,000	\$ 225,000		B

Tom English	4-25-07	25,000	\$ 56,250	B
Epic Capital Offshore Inc.	4-25-07	37,300	\$ 83,925	B
Epic Limited Partnership	4-25-07	259,200	\$ 583,200	B
Louis Goluboff	4-25-07	25,000	\$ 56,250	B
Raymond Jankelow	4-25-07	2,000	\$ 4,500	B
JMM Trading	4-25-07	50,000	\$ 112,500	B
Kodiak Metals	4-25-07	600,000	\$1,350,000	A
Glenna Loggie	4-25-07	10,000	\$ 22,500	B
Brenda Lewis	4-25-07	13,000	\$ 29,250	B
Lindsay Sports Therapy, Inc.	4-25-07	25,000	\$ 56,250	B
Jennifer MacKenzie	4-25-07	100,000	\$ 225,000	B
Howard Malach	4-25-07	44,500	\$ 100,125	B
Master Plan Investments	4-25-07	45,000	\$ 101,250	B

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Name	Date	Shares	Consideration	Note	Reference
MTC Growth Fund I - Inc.	4-25-07	100,000	\$ 225,000		B
Vincent Mulhall	4-25-07	2,000	\$ 4,500		B
Frank & Royanne Naccarato	4-25-07	1,800	\$ 4,050		B
Northern Rivers Capital Mgmt, Inc. on behalf of Horizons Northern Rivers Fund L.P.	4-25-07	16,100	\$ 36,225		B
Northern Rivers Capital Mgmt, Inc. on behalf of Northern Rivers Innovation Fund L.P.	4-25-07	187,300	\$ 421,425		B
Northern Rivers Capital Mgmt, Inc. on behalf of Northern Rivers Innovation RSP	4-25-07	19,600	\$ 44,100		B
Duane Parnham	4-25-07	50,000	\$ 112,500		B
Alan Peters	4-25-07	5,000	\$ 11,250		B
Rolesco Limited	4-25-07	11,500	\$ 25,875		B
Robert Waxman	4-25-07	11,500	\$ 25,875		B
Dennis Zuliani	4-25-07	4,200	\$ 9,450		B
554485 Alberta, Inc.	4-25-07	10,000	\$ 22,500		B
Hana Feix and/or Martin Feix	5-04-07	5,000	\$ 11,250		B
K4 Consulting GMBH	5-04-07	33,000	\$ 74,250		B
Eckard Kirsch	5-04-07	66,000	\$ 148,500		B
John Kuhn	5-04-07	2,500	\$ 5,625		B
Peter Mathias	5-04-07	5,000	\$ 11,250		B
Elaine Peritz	5-04-07	5,000	\$ 11,250		B
Alan Shiner and Faye Shiner	5-04-07	2,000	\$ 4,500		B
Hartmut Thome and Monika Thome	5-04-07	22,000	\$ 49,500		B

- A. The Company relied upon the exemption provided by Section 4(2) of the Securities Act of 1933 with respect to the issuance of these shares. The person who acquired these shares was an officer and director of the Company. The certificates representing the shares of common stock will bear legends stating that the shares may not be offered, sold or transferred other than pursuant to an effective registration statement under the Securities Act of 1933 or pursuant to an applicable exemption from registration. The shares are "restricted" securities as defined in Rule 144 of the Securities and Exchange Commission.
- B. These shares were all issued to non-U.S. persons who reside outside of the United States. The negotiations and agreements relating to the issuance of these shares were made by the Company's officers (who were non-U.S. persons) from Canada or Israel. The shares are restricted from resale in the public markets for a period of one year from the date of their issuance. The Company relied upon the exemption provided by Rule 901 of the Securities and Exchange Commission with respect to the sale of these shares.

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- C. These shares were sold by Mr. Blaunshstein to the Company in March 2007 for \$50,000.

With respect to the sale of the shares after March 31, 2007 the Company paid a commission of \$240,638 to Salman Partners Inc. the sales agent for the offering. Salman Partners also received warrants which allows Salman Partners to purchase 106,950 shares of the Company's common stock at a price of \$2.81 per share. The warrants expire in 2009.

Item 27. Exhibits

The following exhibits are filed with this Registration Statement:

Exhibit

Number Exhibit Name

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3.1	Articles of Incorporation, as amended	(1)
3.2	Bylaws	(1)
4.1	Incentive Stock Option Plan	(2)
4.2	Non-Qualified Stock Option Plan	(2)
4.3	Stock Bonus Plan	(2)
5	Opinion of Counsel	_____
10.1	Agency Agreement, Subscription Agreement, Agent's Warrant Certificate and Schedule required by Instruction 2 to Item 601 of Regulation S-K.	(3)
10.2	Compensation Agreement	(1)
23.1	Consent of Attorneys	_____
23.2	Consent of Accountants	_____

- (1) Incorporated by reference to the same exhibit filed with the Company's registration statement on Form SB-2 (Commission File # 333-132456).  
(2) Incorporated by reference to the same exhibit filed with the Company's registration statement on Form S-8 (File # 333-139370).  
(3) Incorporated by reference to the Company's 8-K report filed on April 27, 2007 and the Company's amended 8-K reports filed on May 4, 2007.

Item 28. Undertakings

(a) The small business issuer will:

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(1) File, during any period in which it offers or sells securities, a post-effective amendment to this Registration Statement to.

(i) Include any Prospectus required by Section 10 (a)(3) of the Securities Act:

(ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement. 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 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

(iii) Include any additional or changed material information on the plan of distribution.

(2) For determining liability under the Securities Act, treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.

(3) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end 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.

(e) 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, the Small Business Issuer has been advised that in the

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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 indemnification against such liabilities (other than the payment by the Small Business Issuer of expenses incurred or paid by a 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 of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(g) That, for the purpose of determining liability under the Securities Act to any purchaser:

(1) If the small business issuer is relying on Rule 430B:

(i) Each prospectus filed by the undersigned small business issuer pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date

an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

(2) If the small business issuer is subject to Rule 430C, include the following:

Each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

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#### 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 for filing on Form SB-2 and authorized this registration statement to be signed on its behalf by the undersigned in Toronto, Ontario, Canada on the 23rd day of May 2007.

#### SECURITY DEVICES INTERNATIONAL INC.

By: /s/ Sheldon Kales

-----  
Sheldon Kales, President

By: /s/ Rakesh Malhotra

-----  
Rakesh Malhotra, Principal Financial  
and Accounting Officer

In accordance with the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Sheldon Kales ----- Sheldon Kales	Director	May 23, 2007
/s/ Boaz Dor ----- Boaz Dor	Director	May 23, 2007

/s/ Gregory Sullivan

Director

May 23, 2007

-----  
Gregory Sullivan

SECURITY DEVICES, INC.

FORM SB-2

EXHIBITS

EXHIBIT 5

May 22, 2007

Security Devices International Inc.  
120 Adelaide Street West  
Suite 2500  
Toronto, Ontario M5H 1T1

This letter will constitute an opinion upon the legality of the sale by certain selling shareholders of Security Devices, Inc., a Delaware corporation (the "Company"), of up to 4,782,120 shares of common stock, all as referred to in the Registration Statement on Form SB-2 filed by the Company with the Securities and Exchange Commission.

We have examined the Articles of Incorporation, the Bylaws and the minutes of the Board of Directors of the Company and the applicable laws of the State of Delaware, and a copy of the Registration Statement. In our opinion, the Company was authorized to issue the shares of stock mentioned above and such shares, when sold, will represent fully paid and non-assessable shares of the Company's common stock.

Very truly yours,

HART & TRINEN

William T. Hart

EXHIBIT 23.1

CONSENT OF ATTORNEYS

Reference is made to the Registration Statement of Security Devices, Inc. on Form SB-2 whereby a number of selling shareholders propose to sell up to 4,782,120 shares of the Company's common stock. Reference is also made to Exhibit 5 included in the Registration Statement relating to the validity of the securities proposed to be issued and sold.

We hereby consent to the use of our opinion concerning the validity of the securities proposed to be issued and sold.

Very truly yours,

HART & TRINEN, L.L.P.

/s/ William T. Hart  
William T. Hart

Denver, Colorado  
May 22, 2007



EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The undersigned, Schwartz Levitsky Feldman, llp, Chartered Accountants, hereby consent to the use of our name and use of our opinion dated February 20, 2007 on the financial statements of Security Devices International, Inc. (the "Company") for the fiscal year ended November 30, 2006 included in the Registration Statement on Form SB-2 being filed by the Company.

"SCHWARTZ LEVITSKY FELDMAN LLP"

Toronto, Ontario, Canada  
May 22, 2007

Chartered Accountants  
Licensed Public Accountants