UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

(Mark One)

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

For the Fiscal Year Ended **November 30, 2014**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. - **None**

SECURITY DEVICES INTERNATIONAL, INC.

(Name of Small Business Issuer in its charter)

Delaware	**71-1050654**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

4830 West Kennedy Blvd., suite 600, Tampa Florida, 33609	
(Address of Principal Executive Office)	*Zip Code*

Registrant's telephone number, including Area Code: **(905) 582-6402**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. [ ]

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [X]   No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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

Larger accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act):
Yes [ ]   No [X]

The aggregate market value of the Common Stock held by non-affiliates of the issuer, as of May 31, 2014, was approximately $9,336,000 based upon a share valuation of $0.24 per share. This share valuation is based upon the closing price of the Company's shares as of May 31, 2014 (the date of the last sale of the Company's shares closest to the end of the Company's second fiscal quarter). For purposes of this disclosure, shares of Common Stock held by persons who the issuer believes beneficially own more than 5% of the outstanding shares of Common Stock and shares held by officers and directors of the issuer have been excluded because such persons may be deemed to be affiliates of the issuer.

As of February 18, 2015, the Company had 46,899,285 issued and outstanding shares of common stock.

Documents incorporated by reference: **None**

EXPLANATORY NOTE

Security Devices International, Inc. (“we” or the “Company”) is filing this Amendment No. 1 to its Annual Report on Form 10-K for the year ended November 30, 2014 filed with the Securities and Exchange Commission on February 24, 2015 (the “Original 10-K”). This Amendment No. 1 is being filed (1) to include a complete signature page inadvertently omitted from the Original 10-K, and (2) to revise Part II, Item 9A “CONTROLS AND PROCEDURES” to add the version of the Committee of Sponsoring Organizations of the of the Treadway Commission’s Internal Control – Integrated Framework that was used to perform management’s assessment of the effectiveness of internal controls over financial reporting disclosed in Part II, Item 9A.

New certifications of the Chief Executive Officer and Chief Financial Officer, respectively, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Except as described above, this Amendment No. 1 does not otherwise amend or update any exhibit to or disclosure set forth in the Original 10-K. This Amendment No. 1 speaks as of the date of filing of the Original 10-K, does not reflect events that may have occurred subject to the Original 10-K and does not modify or update in anyway the disclosures made in the Original 10-K.

ITEM 1. BUSINESS

History

Security Devices International Inc. (the “Company” or the “Corporation”) was incorporated on March 1, 2005. The Company began as a research and development company focused on the development of 40mm less-lethal ammunition. The term 40mm refers to the diameter of the bullet (sometimes also referred to as a round or a projectile) and bullets of this size are required for standard issue military riot guns. 40mm bullets are also the emerging standard among riot guns used by police forces and correctional services, although many police forces are currently using 37mm riot guns. 40mm rounds are quickly becoming the industry standard in both military and law enforcement circles.

The Company began with development of a wireless electric projectile (a “WEP”), named the Lektrox. The Company hired a ballistics engineering firm to collaborate in the development of the WEP. The WEP uses mini-harpoons to fix the bullet to the target's clothing or body. The bullet contains an electrical system that releases a 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 overrides the target's nervous system inducing a muscle spasm that causes the target to fall to the ground helpless.

Commencing in December 2008, the Joint Non-Lethal Weapons Directorate (“JNLWD”) of the US Department of Defense, an organization responsible for the development and coordination of non-lethal weapons activities within the United States, tested the WEP through its evaluation facility at Penn State University. The testing evaluated the effectiveness and safety of the electrical output compared to the Government’s standard total body effects model. Testing was completed in November 2009 and a report was prepared by Penn State University and submitted to the JNLWD in January 2010. An executive summary was released to the Company indicating a positive outcome. Research and development continued on the WEP until mid-2010.

To reduce kinetic energy levels, the head of the WEP contains a cushioning mechanism composed of a collapsible material that enlarges the contact surface and absorbs part of the impact. In June 2010, the Company began development of a 40mm blunt impact projectile (the “BIP”), which used the cushioning mechanism of the WEP but did not contain the electrical mechanism of the WEP. The BIP used the pain of impact to obtain compliance from the target.

In the fall of 2010 the Company underwent a change in the board of directors and management. Two new directors were appointed and the board of directors appointed a Chief Operating Officer. The Company contracted with Level 4 Capital Corp. to assist with restructuring of the Company, contract negotiations and operational issues.

Early in 2011 the Company decided to focus its attention on the BIP and to discontinue further development work on the WEP. The Company concluded that the cost and time required to complete development and testing of the BIP were significantly less than that required to complete development and testing of the WEP. The BIP is also less expensive to produce than the WEP, and can be sold for a lower price. The Company plans to use revenue received from BIP sales to complete the development and production line for the WEP.

In 2011, the Company moved its engineering, intellectual property and production facilities to the operator (the “BIP Manufacturer”) of an injection molding facility outside of Boston, Massachusetts. The BIP Manufacturer has a history of manufacturing 40mm components for the military sector, and provides molding services to the medical, aerospace, petrochemical, commercial, electronics, and defense industries.

The Company attended several military tradeshows through 2011 and signed a teaming agreement with Chemring Ordnance Inc. (“Chemring”), of Perry, Florida in December 2011. The agreement gives Chemring the non-exclusive right to market and sell the BIP worldwide for a five- year term. Chemring is responsible for its costs of marketing the BIPs and BIPs sold through this arrangement will bear the Chemring brand. The Company has retained the right to market the BIP directly to military, law enforcement and government agencies outside of Chemring’s sales channels.

Research and development for the BIP was completed in the summer of 2012, although numerous improvements have been made to the BIP including improved ballistic flight and stability. The latest and final version on the BIP was introduced during the first quarter of 2014.

In October 2012, the Company obtained an ammunition certification from Chemring which meant that the BIP satisfied the standards set by Chemring for products which it would distribute.

In November 2012, the Company obtained a United States Department of Transportation number (DOT#) required in order for the Company to ship BIP rounds.

In June 2012, the Company contracted CRT Less Lethal Inc. (“CRT”) to test the BIP. CRT is a Seattle- based company founded in 2003 with expertise in the analysis, evaluation and human effects testing of less-lethal munitions. The testing protocol included accuracy, precision, consistency, muzzle and target energy, impact energy density and effective range of the BIP. Human volunteers were used during the test firing, revealing full effects to the lower body from the blunt trauma of the BIP. Extensive wound profiling from the tests were finalized in a detailed report from CRT. Based on data obtained from the three-stage evaluation, the BIP passed the CRT testing protocol for accuracy, consistency, relative safety and effectiveness.

In July 2012, the Company signed a five-year development, supply and manufacturing agreement with the BIP Manufacturer. An engineering team is available to the Company through the BIP Manufacturer for development of all of the core components of the BIP and any product changes that are necessary.

During 2012, the Company attended several law enforcement tradeshows and conducted live fire demonstrations with government agencies in Canada, and the US. Live fire demonstrations allow the Company to demonstrate the short and long distance firing capabilities, accuracy and relative safety of the BIP.

In 2012, the Company began the development of five new less-lethal ammunition rounds. These new rounds will be a modified version of the BIP, four of which will carry a payload, including; BIP MP (temporary powder-based marking agent), BIP ML (semi-permanent liquid marking agent), BIP OC (Oleoresin Capsicum - a pepper spray powder), BIP MO (malodorant liquid), and the BIP TR (training round). As of the first quarter of 2015, the Company has now moved into extensive, independent testing with the payload rounds.

In 2013, the Company moved its full manufacturing operations to a supply manufacture and engineering company in the Boston, MA area. This allowed the Company to become fully autonomous from its previous partner, Chemring Ordnance of Florida, USA. SDI decreased its manufacturing costs in this process and is in full control of its manufacturing and logistics processes as a result.

The Company undertook an Initial Public Offering (IPO) in January 2013, and became a public reporting issuer on the TSX-Venture Exchange in September 2013.

SDI continued to sign distributors, agents and referral agents to market and sell SDI’s innovative non-lethal ammunition, globally. At year-end, SDI had signed a total of 9 distributors or agents, covering the following Countries: Canada, Israel, Saudi Arabia, Jordan, Oman, Kuwait, Bahrain, Turkey, Portugal, Spain, France, California, India, South America, and select African countries.

In June 2013, SDI, through its teaming agreement, Chemring Ordnance supplied the Israel Defense Forces with 900 BIP rounds for testing and evaluation. SDI also received a purchase order from the United States Border Patrol for 110 rounds to be used for testing and evaluation.

Montreal Police also purchased rounds for testing and evaluation from SDI.

In the fourth quarter of 2013, SDI sold rounds to Orange County Florida Sheriff’s department for use by their SWAT team as well as Campbell County, Virginia for SWAT use, and Indian River Sheriff’s Department in Florida for use in their Correctional Services facility.

In November 2013, SDI’s BIP rounds were showcased at the International SWAT Competition in Florida. The event hosted 57 SWAT teams from around the world that competed in a week long competition. SDI’s BIP rounds were used by the competing teams in the less-lethal competition, giving SDI international exposure for their rounds.

The requests for demonstrations of SDI’s products were strong from the Law Enforcement sector in 2013 and SDI staff conducted dozens of multi-agency live fire demonstrations, in 4 countries.

SDI attended and demonstrated to a military agency in an African country. The capability of the BIP round and the Company is currently in the follow up stage with this Agency.

SDI attended and demonstrated to a large Police Force in India. The capability of the BIP round and the Company is currently in the follow up stage with this Agency.

During the six month period, several federal, provincial, state, and municipal government agencies ordered small batches of operational rounds, as well as varied rounds for testing and evaluation, across North America. Some of the agencies were re-orders from previous sales.

SDI began another globally recognized testing protocol with a military agency called HECOE (the Human Effects Centre of Excellence). This world-renowned agency is located in the Air Force Research Laboratory (AFRL), in partnership with the US Joint Non-lethal Weapons Directorate (JNLWD). This group conducts research to assist Non-lethal Weapon (NLW) Program Managers across the U.S. Department of Defense (DoD) in assessing effectiveness and risks of NLWs. This information is used to develop dose response curves for the particular systems under review, identify data gaps and determine additional research requirements, and provide this information to those within the DoD who make policy and acquisition decisions. In September 2014, SDI received a report from The Human Effects Centre of Excellence which had conducted extensive testing on SDI's Blunt Impact Projectile (BIP) rounds. The results concluded that the BIP is an effective and safe round and approves the use of the BIP by the US Military. The overall results were excellent and confirm the results of previous testing that shows SDI as a leader in safety and effectiveness in the 40MM non-lethal market.

In May, 2014, SDI's BIP rounds were used at the Mock Prison Riot in West Virginia. Law enforcement and correctional services officers provided feedback on new technologies (such as SDI's products) to assist in the effectiveness of their jobs. There were tactical teams that measured their skill sets against other teams from around the world at the demonstrations. SDI rounds outperformed several of their competitors.

On April 30,, 2014, SDI appointed Keith Morrison to the board of directors as non-executive Chairman. Mr. Morrison is the CEO of North American Nickel Inc., a publically traded Canadian Exploration Company. He is currently on the Board of Directors of Marengo Mining, a TSX listed company with a Copper Deposit in Papua New Guinea. He was a co-founder and CEO of Quantec Geoscience from 1986 until 2008, that developed industry leading ground geophysical subsurface imaging technologies and has completed more than 3000 resource projects around the world. Keith has an undergraduate degree in Engineering Geophysics from Queen's University and has completed the ICD Director's Education Program at the University Of Toronto Rotman School Of Business. Mr. Morrison's extensive business experience and corporate governance focus, will assist SDI in the next phase of the Company's growth.

On August 6, 2014, the Company completed the issuance of 1,549 convertible unsecured debentures at $1,000 per debenture for gross proceeds of $1,549,000 (the "Private Placement").

The Debentures mature on August 6, 2017 and bear interest at the rate of 12% per annum calculated and payable semi-annually. Each Debenture is convertible at the election of the holder into common shares of the Company (the "Common Shares") at a price of $0.50 per Common Share, exercisable at any time prior to the maturity of the Debentures.

At any time after February 6, 2015, the Company has the right to force the conversion of the Debentures into Common Shares if the Common Shares trade at a price of at least $0.65 per Common Share for a period of at least 20 consecutive trading days. If the Common Shares do not trade on any trading day and the bid price of the Common Shares is $0.65 or greater, the Common Shares shall be deemed to have traded at a price of at least $0.65 on that trading day.

The Company has the right to redeem the Debentures, in whole or in part, (a) during the 12 months ending August 6, 2015, at a premium of 15% to the principal amount being redeemed plus any accrued interest, (b) during the 12 months ending August 6, 2016, at a premium of 5% to the principal amount being redeemed plus any accrued interest, (c) during the 12 months ending August 6, 2017, at a premium of 2% to the principal amount being redeemed plus any accrued interest.

The Debentures, and any Common Shares issued under the Debentures, are subject to a hold period which expired on February 6, 2015.

Proceeds from the private placement will be used for the expansion of the Company's sales force network, the purchase of inventory and working capital purposes.

The private placement was conducted on a brokered private placement basis. Fin-XO Securities Inc. (the "Agent") acted as agent. The Agent received (a) a cash commission of $105,930, (b) non-transferrable warrants to purchase 151,900 Common Shares at a price of $0.50 per share ending August 5, 2016, (c) a corporate finance fee of $8,475, and (d) reimbursement of the expenses of the Agent.

During the year ended November 30, 2014, the Company named Karim Kanji to the board of directors as an independent member. Mr. Kanji is a senior, global executive with a proven track record in positioning companies for growth, profitability and acquisition. Karim has shown an exceptional ability to build, groom, mentor and mobilize leadership in order to capture and sustain growth. His experience has been focused on engineering based technology companies with a broad knowledge in the industrial, energy, transportation and healthcare sectors.

Karim's wide-ranging competencies include macro corporate strategies, operational planning, M&A tactics, paths for growth, product development, cost reduction, cash management, and commercial / legal compliance. Mr. Kanji's tenures include; President and CEO Lumen Dynamics (managed a successful sale of the company in November 2013), President Clinicare/Chartcare IT Services (negotiated the company's divestiture in year-two of his contract), Executive Officer at SEALS Ltd. a subsidiary of ICTS Europe Group (completed acquisition and post closing activities - 2011), Vice President and Vice President of Mergers & Acquisitions at Siemens Canada (total revenue responsibility >$500 million), General Manager and Finance Director Siemens Canada (with regional sales of $350 million), and has served on several boards of both public and private entities. Karim holds several degrees including his eMBA, MBA, CPA, CMA, and his masters in law from Osgoode Hall. Mr. Kanji's wealth of practical experience will assist SDI well, in the next phase of the Company's growth. Karim will assume the role as the Chairman of the Audit committee, given his strong financial background.

In October 2014, Security Devices International Inc. ("the Company") announced that the Company and a division of Abrams Airborne Manufacturing Inc. (AAMI), namely Milkor USA (MUSA), have agreed to partner for a joint cross-selling / marketing initiative.

This arrangement allows both companies to leverage existing and future sales channels by offering a comprehensive, full-package of Milkor USA's 40mm Multi-Shot Grenade Launchers in conjunction with SDI's 40mm Less-Lethal ammunition product-line to end-users, globally. This mutually beneficial opportunity allows both Milkor USA and SDI to provide target markets with complimentary, top quality products. By pairing and cross-marketing each other's unique and proven hardware, each can now offer end-users the ability to carry out their responsibilities with premium brands, a one-stop shop and best-in-class solutions. Milkor USA is the world's premier provider of 40mm Multi-Shot Grenade Launchers (MSGL) and is focused on being the global choice for high quality, safe and effective weapons systems. MUSA has proven its ability to place its launcher's into the hands of each major branch of the U.S. Military, as well as offering their MSGLs internationally to NATO allies' military and police forces.

In January 2010, MUSA won the Indefinite Delivery/Indefinite Quantity (IDIQ) contract with the United States Marine Corps. This 5-year contract was valued for up to 40 million dollars. The newly dubbed M32A1 Multi-Shot Grenade Launcher is the product of this contract, with its price and configuration controlled, via contract, by the USMC. The contract is due to expire in January 2015. Abrams Airborne Manufacturing, Inc. is an aerospace, defense, medical and commercial manufacturer based in Tucson, Arizona. The company has been in business since April of 1965 and is renowned for its capabilities relating to high quality manufacturing.

SDI has sold their BIP products into nine new agencies during the fiscal year of 2014 including Sheriff Departments, Correctional Services, and SWAT teams in; Saskatoon, SK, Watertown, SD, Abbotsford, BC, Sacramento, CA, Kingston, ON, Rustburg, VA, Orlando, FL, Montreal, QC, and Bedford, VA. These agencies are additions to SDI's customer base that have adopted its 40mm less-lethal rounds.

SDI also performed targeted live fire demos throughout North America with positive results to several agencies.

Products

SDI's business is the development, manufacture and sale of less-lethal ammunition. This ammunition is used by the military, correctional services, and police agencies for crowd control.

The Company has two products:

a) The Company has developed the BIP, a blunt impact projectile which uses pain compliance to control a target. The Company is developing five versions of the standard BIP, four of which contain a payload and one of which is a cheaper cost, training round. A payload is an internal capsule within the BIP, which holds a liquid or powder substance.

b) The Company has undertaken substantial work to develop the WEP, a wireless electric projective which releases an electrical pulse that induces a muscle spasm and causes the target to fall to the ground helpless.

Intellectual Property:

Four patent applications, one for the electrical mechanism and the other three for the mechanical mechanism of the WEP40, have been filed by the Company with the U.S. Patent Office. The Company has been issued four patents.

(a) Less-lethal Projectile: This issued patent relates to the Company's distinctive collapsible ammunition head technology that absorbs kinetic energy of the projectile upon impact. The Corporation's collapsible head is used in both the BIP and the WEP.

(b) Electronic Circuitry for Incapacitating a Living Target: This issued patent relates to the electronic circuitry incapacitation system which forms part of the WEP. The patent describes an electronic circuit which provides an electrical incapacitation current to a living target.

(c) Less-lethal Wireless Stun Projectile System for Immobilizing a Target by Neuro-Muscular Disruption: This issued patent describes the process by which the WEP operates with its attachment system to halt a target through a neuro-muscular-disruption system.

(d) Autonomous Operation of a Less-lethal Projectile: This pending patent describes a motion sensing system within the WEP. The sensor will monitor movement of the target and enable the electrical output until the target is subdued. The electrical pulse is programmed for an exact time-frame to specifications of the user.

The Company has filed the following applications in 2014:

1) United States Provisional Patent Application No. 61/926,728, filed on January 13, 2014, entitled PAYLOAD CARRYING ARRANGEMENT FOR A NON-LETHAL PROJECTILE

2) PCT Patent Application No. PCT/US2014/44892, filed on June 30, 2014, entitled PAYLOAD CARRYING ARRANGEMENT FOR A NON-LETHAL PROJECTILE, and claiming priority from USPAN 61/926,728

Less-Lethal Sector

Military, correctional services and law enforcement agencies are seeking alternatives to traditional lethal ammunition. From a military standpoint, the involvement of armed forces in populated areas has created a need for less-lethal ammunition. Correctional services agencies require a close range projectile for usage inside their holding facilities and penitentiaries, and police forces require less-lethal ammunition for riot control and critical incident de-escalation, motivated in part by a desire to avoid expensive litigation.

Chemical irritants (such as tear gas) have been sporadically used by military and have been adopted by police forces around the world for use in riot control.

Throughout the 1970's and 1980's the military and police forces began to use kinetic energy impact projectiles. These projectiles included wood, rubber and bean-bag material as ammunition. Many of these projectiles are still being used by military and police forces around the world. There has been very little technology progression within this space over the last half a century.

The rubber bullet was developed by the Ministry of Defense for the British Army in Northern Ireland at the request of army officers who wanted a weapon for use in civil disturbances with a range beyond a stone-throwing distance. In management's opinion, rubber bullets are inaccurate and have unpredictable ricochets. In addition, management believes that they have caused numerous severe injuries and several deaths.

The nature of a military's role has changed significantly to the extent that the military becomes actively engaged in the policing of civilian populations. This is where the military in effect, intersects with local police forces to support and uphold national and regional law. Today, military units are involved in ongoing conflicts that bring them into direct contact with civilian populations in Iraq, Afghanistan and various countries in the Middle East. Soldiers who are deployed in humanitarian roles are often subject to rules of engagement, which disallow the use of deadly force unless soldiers encounter a lethal threat. The military requires less-lethal deterrent ammunition for use in crowd and riot control, perimeter security and pilfering situations. In management's opinion, less-lethal ammunition means a greater opportunity to preserve life.

Police and military forces require easily applied options for riot control without the consequences of lethal force. In addition to the litigation, administrative and financial resources required to defend the use of lethal force, there is a moral consideration as well. Police and military forces must balance the risk of injury or death to their own personnel against the risk of injury to civilians, including bystanders. Riot control involves difficult and challenging decisions that often must be made within seconds.

Both police and military personnel are demanding access to options that fall somewhere between physically charging into a crowd with batons and firing munitions designed to kill targets. If these personnel are equipped and trained with less-lethal munitions, they are better equipped to diffuse a riot and regain control. By providing soldiers and police with a midlevel force response, appropriate to the level of threat, the chance of an escalation can be reduced. In addition, if this less-lethal response can be employed at a standoff distance, the troops or officers can maintain a buffer zone between themselves and the crowd. The capability to target a specific individual, as opposed to spraying an entire crowd, reduces the risk of injury to innocent bystanders and political backlash.

Conflicts in Iraq and Afghanistan, events such as the August 2011 UK riots, and the June 2012 Quebec student street violence have led governments, police and defense decision-makers to seek cost effective less-lethal weapons. These decision-makers understand that social media will limit the use of lethal weapons and a new generation of less-lethal weapons is required.

Correctional Services facilities have suffered with the ability to control a subject without using excessive force. The Company's product allows for a correctional officer to deploy a projectile at close range without harming the subject and still maintain protocol within their agency. In management's opinion, the projectile suffices pain compliance on the subject, with properly followed safety precautions.

General

- As of November 30, 2014, SDI had consultants and no full-time employees.
- SDI's offices are located at 4830 West Kennedy Blvd., suite 600, Tampa, Florida, 33609 and 125 Lakeshore Road East, Unit 300, Oakville, Ontario L6J 1H3 Canada. SDI rents its Ontario office at a cost of CAN $6,399 per month pursuant to a lease which expires on April 30, 2018. SDI rents its Tampa, Florida, USA office at a cost of $1,418 per month pursuant to a lease which expires on June 30, 2015.
- SDI's website is www.securitydii.com.

ITEM 2. DESCRIPTION OF PROPERTY

See Item 1 of this report.

ITEM 3. LEGAL PROCEEDINGS.

In November of 2013, a former officer filed a suit against the Company in the Ontario Superior Court of Justice (Province of Ontario) seeking, among other things, $60,000 in damages for wrongful dismissal, damages of $35,000 on account of vacation pay and damages to be determined for out of pocket expenses, breach of contract, unjust enrichment and loss of business opportunity. Subsequent to the year, the Company and the former officer executed a settlement agreement at CAD $15,000.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not Applicable

ITEM 5. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND OTHER SHAREHOLDER MATTERS.

SDI's common stock is listed on the OTC Bulletin Board under the symbol "SDEV" and is also listed in Canada on TSXV under the symbol "SDZ.V". The following shows the high and low closing prices for SDI's common stock for the periods indicated:

OTC Bulletin Board

Three Months Ended	High	Low
February 2013	$0.51	$0.17
May 2013	$0.51	$0.26
August 2013	$0.46	$0.32
November 2013	$0.50	$0.30
February 2014	$0.37	$0.21
May 2014	$0.35	$0.16
August 2014	$0.37	$0.25
November 2014	$0.35	$0.21

TSXV*

Three Months Ended	High CAD $	Low CAD$
November 2013	$0.50	$0.30
February 2014	$0.40	$0.22
May 2014	$0.36	$0.19
August 2014	$0.36	$0.27
November 2014	$0.35	$0.28

* Trading commenced in the last quarter of 2013.

As of February 18, 2015 SDI had 46,899,285 outstanding shares of common stock.

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 5,000,000 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 favoured by SDI's management.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial information set forth and the discussion and analysis of financial position and results of operations should be read in conjunction with the audited annual financial statements and related notes for SDI for the fiscal years ended November 30, 2014, 2013 and 2012. Those financial statements have been prepared in accordance with U.S. generally accepted accounting principles. All dollar figures included therein and in the following management discussion and analysis ("MD&A") are expressed in U.S. dollars.

The following is a summary of selected annual financial data for the periods indicated:

Selected Financial Information	**Year ended November 30, 2014 (audited)**	**Year ended November 30, 2013 (audited)**	**Year ended November 30, 2012 (audited)**
Sales	$42,480	$30,096	$Nil
Cost of sales	$27,323	$17,379	$Nil
General and Administrative Expenses	$2,624,488	$1,698,523	$2,056,996
Research and Product Development Costs (Recovery)	$Nil	$Nil	($215,143)
Depreciation	$45,586	$38,130	$20,585
Net Loss	($2,722,412)	($2,024,211)	($2,019,938)
Loss per Share (Basic and Diluted)	($0.06)	($0.06)	($0.07)
Current Assets	$1,412,876	$1,907,872	$272,171
Total Assets	$1,577,052	$2,060,009	$417,219
Current Liabilities	$161,405	$106,529	$150,368
Long Term Liabilities	$1,398,592	$Nil	$1,192,639
Shareholders' Equity (Deficiency)	($2,945)	$1,953,480	($925,788)
Retained Earnings (Deficiency)	($24,042,769)	($21,320,357)	($19,296,146)
Dividends	$Nil	$Nil	$Nil

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATION

This management discussion and analysis ("MD&A") in respect of the fiscal year ended November 30, 2014 includes information from, and should be read in conjunction with, the audited annual financial statements and related notes for SDI for the fiscal year ended November 30, 2014.

Comparison of Year Ended November 30, 2014 to Year Ended November 30, 2013

i. Overview

The Corporation has $42,480 of revenue during the year ended November 30, 2014 (2013: $30,096) and we continue to operate at a loss. We expect our operating losses to continue for so long as we do not generate adequate revenue. As of November 30, 2014, we had accumulated losses of $24,042,769 (November 30, 2013 - $21,320,357). Our ability to generate significant revenue and conduct business operations is dependent, in large part, upon our raising additional equity financing.

As described in greater detail below, the Corporation's major financial endeavor over the years has been its effort to raise additional capital.

ii. Assets

Total assets as of November 30, 2014 includes cash and cash equivalent of $1,085,006, accounts receivable of $7,393, prepaid expenses and other receivables of $29,557, Inventory of $120,246, Deferred financing costs for $170,674 and plant and equipment for $144,176 net of depreciation. Total assets as of November 30, 2013 includes cash and cash equivalent of $1,842,149, accounts receivable of $20,351, prepaid expenses and other receivables of $45,372 and plant and equipment for $152,137 net of depreciation. Total assets decreased from $2,060,009 on November 30, 2013 to $1,577,052 on November 30, 2014. This decrease is primarily the result of expenses incurred in normal course of business.

iii. Revenues

Revenue from operations during the year ended November 30, 2014 was $42,480 as compared to $30,096 during the year ended November 30, 2013.

iv. Net Loss

The Company's expenses are reflected in the Statements of Operation under the category of Operating Expenses. The significant components of expense that have contributed to the total operating expense are discussed as follows:

(a) General and Administration Expense

General and administration expense represents professional, consulting, office and general, stock based compensation and other miscellaneous costs incurred during the years covered by this report.

General and administration expense for the year ended November 30, 2014 was $2,624,488, as compared with $1,698,523 for the year ended November 30, 2013. General and administration expense increased by $925,965 in the current year, as compared to the prior year. The primary reasons for the change in general and administrative costs are as follows:

The Company expensed stock based compensation expense (included in general and administrative expenses) for issue of options and warrants for $751,610 during the year ended November 30, 2014 ($Nil in 2013). Stock based compensation expense does not require the use of cash (non-cash expenses), associated with the issuance of options and warrants.

During the year ended November 30, 2014 the Company expensed an additional $40,000 being expense for applied DNA Sciences unique signature DNA system for the DNA marking and authentication of 40mm non lethal projectiles.

(b) Research and Product Development costs

Research and Product Development costs for the year ended November 30, 2014 and year ended November 30, 2013 were $Nil.

v. Quarterly Results

The net loss and comprehensive loss (unaudited) of the Corporation for the quarter ended November 30, 2014 as well as the seven quarterly periods completed immediately prior thereto are set out below:

	For the three months ended November30, 2014 ($)	For the three months ended August 31, 2014 ($)	For the three months ended May 31, 2014 ($)	For the three months ended February 28, 2014 ($)	For the three months ended November30 , 2013 ($)	For the three months ended August 31, 2013 ($)	For the three months ended May 31, 2013 ($)	For the three months ended February 28, 2013 ($)
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(1,167,718)	(445,163)	(631,094)	(478,437)	(547,206)	(444,595)	(562,762)	(469,648)
Loss per Weighted Average Number of Shares Outstanding – Basic and Fully Diluted	(0.03)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)	(0.01)

Quarterly activities and financial performance are impacted by the Company's ability to raise capital for its activities. The loss during the three months period ended May 31, 2014, August 31, 2014 and November 30, 2014 include non-cash stock based compensation expense for $188,470, $33,952 and $529,188 respectively.

vi. Liquidity and Capital Resources

The following table summarizes the Company's cash flows and cash in hand:

		Year ended November 30, 2014		Year ended November 30, 2013
Cash and cash equivalent	$	1,085,006	$	1,842,149
Working capital	$	1,251,471	$	1,801,343
Cash used in operating activities	$	(1,940,050)	$	(1,731,957)
Cash used in investing activities	$	(37,625)	$	(45,219)
Cash provided by financing activities	$	1,253,799	$	3,386,854

As of November 30, 2014, the Company had working capital of $1,251,471 as compared to working capital of $1,801,343 as of November 30, 2013. Working capital decreased primarily as a result of capital financing activities during the year ended November 30, 2014 for $1,253,799 offset in part by expenses incurred in normal course of business.

Net cash used in operations for the year ended November 30, 2014, was $1,940,050 as compared to $1,731,957 used for the year ended November 30, 2013. The major components of change relate to:

1) Items not affecting cash:

<u>Stock based compensation of $751,610 in 2014, as compared to $nil in 2013.</u>

<u>November 30, 2014</u>

On March 19, 2014, the board of directors granted options to five consultants to acquire a total of 400,000 common shares. The 400,000 options were issued at an exercise price of $0.31 (CAD$0.35) per share and vest immediately with an expiry term of three years. The Company expensed stock based compensation expense for $47,897.

On May 9, 2014, the board of directors granted options to one director to acquire a total of 600,000 common shares. These options were issued at an exercise price of $0.32 (CAD $0.35) per share and vest immediately with an expiry term of five years. The Company expensed stock based compensation cost of $140,573.

On July 25, 2014, the board of directors granted options to two consultants to acquire a total of 150,000 common shares. These options were issued at an exercise price of $0.32 (CAD $0.35) per share and vest immediately with an expiry date of August 5, 2017. The Company expensed stock based compensation cost of $33,952.

On September 11, 2014, the board of directors granted options to directors and consultants to acquire a total of 1,875,000 common shares. These options were issued at an exercise price of $0.36 (CAD $0.40) per share and vest immediately with an expiry date of September 10, 2019. The Company expensed stock based compensation cost of $529,188.

Amortization of debt discount for $ Nil in 2014 as compared to $537,488 in 2013

During the year ended November 30, 2013, the Company issued convertible bridge loans along with detachable warrants. The Company evaluated the terms and conditions of the convertible bridge loan and detachable warrants under the guidance of ASC 815. The following table reflects the convertible bridge loan proceeds and amortization of debt discount relating to these loans:

Convertible Bridge Loan Proceeds ($)	Amortization of debt discount($)
199,342	183,514
97,456	67,746
197,355	125,925
147,812	122,942

2) Changes in non- cash balances relating to operations:

The Company's prepaid expenses and other receivables decreased by $15,815 as compared to an increase by $38,172 in 2013. The primary reason for decrease in prepaid expenses and other receivables for 2014 was reduction in advance payments made to consultants in 2014 as compared to prior year.

Net cash flow from investing activities was an outflow for $37,625 during the year ended November 30, 2014 as compared to $ 45,219 for the year ended November 30, 2013. The primary reason was the acquisition of moulds for $37,625 in 2014 as compared to $29,750 in 2013.

Net Cash flow from financing activities was an inflow of $1,253,799 for the year ended November 30, 2014 as compared to an inflow for $3,386,854 for the year ended November 30, 2013.

Year ended November 30, 2014

On August 6, 2014, the Company issued $1,398,592 (CAD $1,549,000) face value 12% convertible debentures with a term to August 6, 2017 (the "Maturity Date"). At any time while the debentures are outstanding, the holder has the option to convert the outstanding principal of the debentures into common shares of the Company at a fixed conversion price of CAD $0.50 per share. At any time after February 6, 2015, the Company has the right to force the conversion of the debentures into common shares at a price of at least CAD$0.65 per common share for a period of at least 20 consecutive trading days. If the common shares do not trade on any trading day and the bid price of the common Shares is CAD $0.65 or greater, the common shares shall be deemed to have traded at a price of at least CAD $0.65 on that trading day. Additionally, the Company has the right to redeem the debentures, in whole or in part, (a) during the 12 months ending August 6, 2015, at a premium of 15% to the principal amount being redeemed plus any accrued interest, (b) during the 12 months ending August 6, 2016, at a premium of 5% to the principal amount being redeemed plus any accrued interest, (c) during the 12 months ending August 6, 2017, at a premium of 2% to the principal amount being redeemed plus any accrued interest. In connection with the financing, the Company issued warrant to placement agents to purchase 151,900 shares of common stock at an exercise price of CAD $0.50 per share. Additionally, the Company incurred $157,293 (CAD $174,209) in financing fees.

Year ended November 30, 2013

On August 27, 2013, the Company completed an initial public offering to raise gross proceeds of $3,794,280 (CAD $3,993,980) through the issuance of 9,984,950 Common Shares at a price of $0.38 (CAD$0.40) per Common Share (the "Issue Price"). The company incurred expenses of $724,580 (CAD $734,565) to raise the capital which included a fee of CAD $80,000 paid to a former director and CEO in accordance with the terms of an agreement regarding the escrowing of his shares, and a cash commission of CAD$359,458 paid to the Agent.

During the quarter ended November 30, 2013, the holder of bridge loans converted the principal and interest totaling $378,525 into common shares at CAD$0.30 per share, resulting in gain on extinguishment of debt for $33,501.

The Company raised $910,000 by issue of convertible debentures and $649,750 by issuance of 2,165,834 common shares during the year ended November 30, 2012.

There was an overall increase in cash of $1,609,678 in 2013 as compared to an overall increase of $117,636 during 2012.

Changes to issued share capital

Year ended November 30, 2014

On July 17, 2014, the Company received $12,500 and issued 50,000 shares on exercise of options at $0.25 per share

Year ended November 30, 2013

During the six month period ended May 31, 2013 the Company issued 1,801,480 common shares for conversion of convertible debentures having face value of $500,000 and accrued interest of $40,444. The total debt for $540,444 was converted into 1,801,480 common shares at $0.30 per share.

On August 15, 2013, the Company filed an amended and restated final prospectus (the "Prospectus") in Canada, in the provinces of Alberta, British Columbia and Ontario to list its common shares ("Common Shares") on the TSXV.

On August 27, 2013, the Company completed an initial public offering to raise gross proceeds of $3,794,280 (CAD $3,993,980) through the issuance of 9,984,950 Common Shares at a price of $0.38 (CAD$0.40) per Common Share (the "Issue Price"). The company incurred expenses of $724,580 (CAD $734,565) to raise the capital which included a fee of CAD $80,000 paid to a former director and CEO in accordance with the terms of an agreement regarding escrow of shares and a cash commission of CAD$359,458 paid to the Agent. In addition the Company granted warrants to purchase up to 898,645 Common Shares to the Agent and members of its selling group. The Agent's warrants entitles the Agent and members of its selling group to purchase Common Shares at a price of CAD$0.40 (US $0.38) per Common Share until August 27, 2015.

Upon completion of the Offering, $700,000 face value of convertible debentures along with $97,716 of interest was converted to 2,297,044 Common Shares, resulting in the discharge of those debentures.

On January 30, 2013, the Company issued a $199,342 (CAD $200,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date"). In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 100,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years. The relative fair value allocated to warrants and credited to additional paid in capital was $24,246

On March 14, 2013, the Company issued a $97,456 (CAD $100,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date"). In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 50,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years. The relative fair value allocated to warrants and credited to additional paid in capital was $11,269

On April 12, 2013, the Company issued a $197,355 (CAD $200,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date"). In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 100,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years. The relative fair value allocated to warrants and credited to additional paid in capital was $20,502

On May 14, 2013, the Company issued a $147,812 (CAD $150,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date"). In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 75,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years. The relative fair value allocated to warrants and credited to additional paid in capital was $21,520

During the quarter ended November 30, 2013, the holder of bridge loans converted the principal and interest totaling $ 378,525 into common shares at CAD$0.30 per share, resulting in gain on extinguishment of debt for $33,501.

vii. Off-Balance Sheet Arrangement

The Company had no off- balance sheet arrangements as of November 30, 2014 and 2013

viii. Commitments and Contingencies

Commitments

a) Consulting agreements:

The directors of the Company executed consulting agreements with the company on the following terms:

Effective January 1, 2013, SDI executed a two year agreement with a company in which a director, Allen Ezer, has an interest. The agreement was extended for a period of two years ending December 31, 2016 at a monthly remuneration of CAD $8,925.Either party may terminate the consulting agreement by giving 90 days written notice. In the event of termination without cause due to change in control brought out by sale, lease, merger or transfer, the Company is obligated to pay severance of 12 months fees at current rate at time of change in control.

Agreement with the Chief Executive Officer Greg Sullivan to pay compensation of CAD$12,000 per month, with an annual 5% increase and a car allowance of CAD$600 per month. The agreement expires on December 31, 2016. In the event of termination without cause, the Company is obligated to pay two times the then monthly compensation and by continuing the then benefits coverage for a period of 2 years. The monthly remuneration will increase with accomplishment of milestones. The agreement may be terminated with mutual consent or by the Chief Executive Officer giving three weeks' notice.

Effective October 1, 2014, SDI executed a renewal agreement with a company in which the Chief Operating Officer Dean Thrasher has an interest in, for a period which expires on December 31, 2017 for services rendered. The total consulting fees are estimated at CAD$864,000 for the three year period. In the event of termination without cause due to change in control brought out by sale, lease, merger or transfer, the Company is obligated to pay severance of 18 months fees at current rate at time of change in control. SDI paid cash and expensed $230,892 during the year ended November 30, 2014. The company may also accept common shares in lieu of cash. As of November 30, 2014, the company has not exercised its right to accept this compensation in shares.

Effective January 1, 2013, SDI executed an agreement with a non-related consultant to pay compensation of CAD $7,000 per month. The consultant is to assist with sales initiatives, demos and participate in trade shows. The agreement is for a period of one year and was renewed for an additional period of one year. Either party may terminate the consulting agreement by giving 30 days written notice. Subsequent to the year, the Company extended this agreement for four months at a rate of $5,000 per month, expiring April 30, 2015.

Effective January 1, 2013, SDI executed an agreement with another non-related consultant to pay compensation of $7,000 per month. The consultant is to assist with sales initiatives, demos and participate in trade shows. The agreement is for a period of one year and was renewed for an additional period of one year. Either party may terminate the consulting agreement by giving 30 days written notice. Subsequent to the year, the Company terminated this agreement.

Effective November 1, 2013, SDI executed an agreement with a non-related consultant to pay compensation of $5,000 per month. The consultant has agreed to provide corporate market advisory services. The agreement is for a period of a minimum of three months and will continue unless otherwise terminated by either party by giving 30 days written notice.

Effective April 2014, SDI executed an agreement with a non-related consultant to set up its social media sites and optimization of search engines for the Company, at a start- up fee for CAD$3,000 (Phase 1) and payment of CAD$1,500 per month and issued 100,000 stock options at $0.32 (CAD$0.35) when Phase 2 of the project was implemented.

Effective August 2014, SDI executed an agreement with a non-related consultant to pay compensation of $5,500 per month for the first 5 months and $5,000 from sixth month to end of the term. The consultant is to assist with sales initiatives, demos and participate in trade shows. The agreement unless renewed by mutual consent expires December 31, 2015. On renewal, there will an annual increase of 4.5% effective January 1, 2016. The consultant is also entitled to a 5% cash commission for all completed direct sales to end users and a 2% cash commission for all completed indirect sales. The Company granted 50,000 stock options to the consultant on July 25, 2014 and has agreed to grant 25,000 stock options for every 5,000 rounds sold domestically to a maximum of an additional 150,000 options. Either party may terminate the consulting agreement by giving 30 days written notice.

b) The Company has commitments for leasing office premises in Oakville, Ontario, Canada to April 30, 2018 at a rent of $5,593 (CAD $6,399) per month.

c) The Company has commitments for leasing office premises in Tampa, Florida, USA to June 30, 2015 at a rent of $1,418 per month.

Contingencies

In November of 2013, a former officer filed a law suit against the Company in the Ontario Superior Court of Justice (Province of Ontario) seeking, among other things, $60,000 in damages for wrongful dismissal, damages of $35,000 on account of vacation pay and damages to be determined for out of pocket expenses, breach of contract, unjust enrichment and loss of business opportunity. Subsequent to the year, the Company and the former officer executed a settlement agreement at CAD $15,000 (see subsequent events)

Exclusive supply and teaming agreement:

The Company entered into a Development, Supply and Manufacturing Agreement with the BIP Manufacturer on July 25, 2012. This Agreement provides the Company to order and purchase only from the BIP Manufacturer certain 40MM assemblies and components for use by the Company to produce less-lethal and training projectiles as described in the Agreement. The Agreement is for a term of five years with an automatic extension for an additional year if neither party has given written notice of termination prior to the end of the five year period.

The Company and a division of Abrams Airborne Manufacturing Inc. (AAMI), namely Milkor USA (MUSA), agreed to partner for a joint cross-selling / marketing initiative.

This arrangement allows both companies to leverage existing and future sales channels by offering a comprehensive, full-package of Milkor USA's 40mm Multi-Shot Grenade Launchers in conjunction with SDI's 40mm Less-Lethal ammunition product-line to end-users globally.

ix. Subsequent Events

In December, 2014, SDI terminated the agreement executed with a non-related consultant to pay compensation of $7,000 per month.

The Company and a former officer executed a settlement agreement to settle a lawsuit filed by the said officer seeking damages for wrongful dismissal, vacation pay, out of pocket expenses, breach of contract and loss of business opportunity. The Company agreed to pay CAD$15,000 in settlement. (See note on contingencies)

x. Critical Accounting Policies

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements, the reported amount of revenues and expenses during the reporting period and related disclosure of contingent assets and liabilities. These estimates are based on our best knowledge of current events and actions the Corporation may undertake in the future. On an ongoing basis, we evaluate our estimates and judgments. To the extent actual results differ from those estimates; our future results of operations may be affected.

Recent Accounting Pronouncements

In June 2014, the FASB issued *ASU 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements"* ("ASU 2014-10"), which eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and changes in stockholders' equity. The amendments in ASU 2014-10 are effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods; however early adoption is permitted. The Company evaluated and adopted ASU 2014-10 early for the current period presented.

In August 2012, the FASB issued *ASU 2012-03, Technical Amendments and Corrections to SEC Sections: Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin (SAB) No. 114, Technical Amendments Pursuant to SEC Release No. 33-9250, and Corrections Related to FASB Accounting Standards Update 2010-22 (SEC Update)* ("ASU 2012-03"). This update amends various SEC paragraphs pursuant to the issuance of SAB No. 114. The adoption of ASU 2012-03 is not expected to have a significant impact on our financial position or results of operations.

In April 2014, the FASB issued *ASU 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* ("ASU 2014-08"), which includes amendments that change the requirements for reporting discontinued operations and require additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Additionally, ASU 2014-08 requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The new standard is effective for the Company on December 1, 2016. Early application is permitted. The Company is evaluating the effect that ASU 2014-08 will have on its consolidated financial statements and related disclosures.

In May 2014, the FASB issued *ASU 2014-09, Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on December 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures.

In August 2014, the FASB issued *ASU 2014-15 Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"), which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year after the date the financial statements are issued. An entity must provide certain disclosures if "conditions or events raise substantial doubt about the entity's ability to continue as a going concern." ASU 2014-15 applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company is currently assessing the impact of this guidance.

On January 9, 2015, FASB issued ASU 2015-01, Income Statement- Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items. The ASU *eliminates the concept of extraordinary items and the uncertainty in determining when an item is both unusual in nature and infrequent in occurrence.* Presently, an event or transaction is presumed to be ordinary activity unless evidence supports the transaction as unusual in nature and infrequent in occurrence. If an event or transaction is determined to be unusual and infrequent, it is deemed to be extraordinary, and is required to be segregated from the results of ordinary operations on the face of the income statement, net of tax, after income from continuing operations, along with other financial statement disclosures. ASU 2015-01 eliminates the concept of extraordinary items from the income statement presentation. Eliminating this concept removes the uncertainty in determining when a transaction is both unusual in nature and infrequent in occurrence. However, the presentation and disclosure guidance for items that are unusual in nature OR occur infrequently will be retained and will be expanded to include items that are both unusual in nature and infrequently occurring. This ASU aligns US GAAP with IAS 1, which prohibits presentation and disclosure of extraordinary items.

This ASU is effective for years beginning after December 15, 2015, with early adoption permitted. The Company is currently assessing the impact of this guidance.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

Risk Factors

Additional Financing

The Corporation does not have adequate revenue to fund all of its operational needs and may require additional financing to continue its operations if it is unable to generate substantial revenue growth. There can be no assurance that such financing will be available at all or on favorable terms. Failure to generate substantial revenue growth may result in the Corporation looking to obtain such additional financing could result in delay or indefinite postponement of the Corporation's deployment of its products, resulting in the possible dilution. Any such financing will dilute the ownership interest of the Corporation's shareholders at the time of the financing, and may dilute the value of their shareholdings.

General Venture Company Risks

The Common Shares must be considered highly speculative due to the nature of the Corporation's business, the early stage of its deployment, its current financial position and ongoing requirements for capital. An investment in the Common Shares should only be considered by those persons who can afford a total loss of investment, and is not suited to those investors who may need to dispose of their investment in a timely fashion. Investors should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in Common Shares.

Uncertainty of Revenue Growth

There can be no assurance that the Corporation can generate substantial revenue growth, or that any revenue growth that is achieved can be sustained. Revenue growth that the Corporation has achieved or may achieve may not be indicative of future operating results. In addition, the Corporation may increase further its operating expenses in order to fund increase its sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Corporation's business, operating results and financial condition will be materially adversely affected.

Dependence on Management and Key Personnel

The Corporation is dependent on certain members of its management. The loss of the services of one or more of them could adversely affect the Corporation. The Corporation's ability to maintain its competitive position is dependent upon its ability to attract and retain highly qualified managerial, specialized technical, manufacturing, sales and marketing personnel. There can be no assurance that the Corporation will be able to continue to recruit and retain such personnel. The inability of the Corporation to recruit and retain such personnel would adversely affect the Corporation's operations and product development.

Dependence on Key Suppliers

The Corporation may be able to purchase certain key components of its products from a limited number of suppliers. Failure of a supplier to provide sufficient quantities on favorable terms or on a timely basis could result in possible lost sales.

Product Liability

The Corporation may be subject to proceedings or claims that may arise in the ordinary conduct of the business, which could include product and service warranty claims, which could be substantial. If its products fail to perform as warranted and it fails to quickly resolve product quality or performance issues in a timely manner, sales may be lost and it may be forced to pay damages. Any failure to meet customer requirements could materially affect its business, results of operations and financial condition. The occurrence of product defects and the inability to correct errors could result in the delay or loss of market acceptance of its products, material warranty expense, diversion of technological and other resources from its product development efforts, and the loss of credibility with customers, manufacturer's representatives, distributors, value added resellers, systems integrators, original equipment manufacturers and end-users, any of which could have a material adverse effect on the Corporation's business, operating results and financial conditions.

The Corporation currently has general liability insurance that includes product liability coverage. There is no assurance this insurance policy will cover all potential claims which may have a material adverse effect on the business or financial condition of the Corporation. A product recall could have a material adverse effect on the business or financial condition of the Corporation.

Strategic Alliances

The Corporation relies upon, and expects to rely upon, strategic alliances with original equipment manufacturers for the manufacturing and distribution of its products. There can be no assurance that such strategic alliances can be achieved or will achieve their goals.

Marketing and Distribution Capabilities

In order to commercialize its technology, the Corporation must either acquire or develop an internal marketing and sales force with technical expertise and with supporting distribution capabilities or arrange for third parties to perform these services. In order to market any of its products, the Corporation must either acquire or develop a sales and distribution infrastructure. The acquisition or development of a sales and distribution infrastructure would require substantial resources, which may divert the attention of its Management and key personnel, and defer its product development and deployment efforts. To the extent that the Corporation enters into marketing and sales arrangements with other companies, its revenues will depend on the efforts of others. These efforts may not be successful. If the Corporation fails to develop substantial sales, marketing and distribution channels, or to enter into arrangements with third parties for those purposes, it will experience delays in product sales and incur increased costs.

Rapid Technological Development

The markets for the Corporation's products and services are characterized by rapidly changing technology and evolving industry standards, which could result in product obsolescence or short product life cycles. Accordingly, the Corporation's success is dependent upon its ability to anticipate technological changes in the industries it serves and to successfully identify, obtain, develop and market new products that satisfy evolving industry requirements. There can be no assurance that the Corporation will successfully develop new products or enhance and improve its existing products or that any new products and enhanced and improved existing products will achieve market acceptance. Further, there can be no assurance that competitors will not market products that have perceived advantages over the Corporation's products or which render the products currently sold by the Corporation obsolete or less marketable. Regardless of the Industry as a whole, the less lethal sector moves somewhat slower in the adaptation and integration of new products.

The Corporation must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Corporation may be required to invest significantly greater resources then currently anticipated in research and development and product enhancement efforts, and result in increased operating expenses.

Competition

The Corporation's industry is highly competitive and composed of many domestic and foreign companies. The Corporation has experienced and expects to continue to experience, substantial competition from numerous competitors whom it expects to continue to improve their products and technologies. Competitors may announce and introduce new products, services or enhancements that better meet the needs of end-users or changing industry standards, or achieve greater market acceptance due to pricing, sales channels or other factors. Competitors may be able to respond more quickly than the Corporation to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

Regulation

The Corporation is subject to numerous federal, provincial, state and local environmental, health and safety legislation and measures relating to the manufacture of ammunition. There can be no assurance that the Corporation will not experience difficulties with its efforts to comply with applicable regulations as they change in the future or that its continued compliance efforts (or failure to comply with applicable requirements) will not have a material adverse effect on the Corporation's results of operations, business, prospects and financial condition. The Corporation's continued compliance with present and changing future laws could restrict the Corporation's ability to modify or expand its facilities or continue production and could require the Corporation to acquire costly equipment or to incur other significant expense.

Intellectual Property

The Corporation's ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its technology and manufacturing processes. Although the Corporation considers certain of its product designs as well as manufacturing processes involving certain of its products to be proprietary, patents or copyrights do not protect all design and manufacturing processes. The Corporation has adopted procedures to protect its intellectual property and maintain secrecy of its confidential business information and trade secrets. However, there can be no assurance that such procedures will afford complete protection of such intellectual property, confidential business information and trade secrets. There can be no assurance that the Corporation's competitors will not independently develop technologies that are substantially equivalent or superior to the Corporation's technology.

To protect the Corporation's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays and materially disrupt the conduct of its business.

Infringement of Intellectual Property Rights

While the Corporation believes that its products and other intellectual property do not infringe upon the proprietary rights of third parties, its commercial success depends, in part, upon the Corporation not infringing intellectual property rights of others. A number of the Corporation's competitors and other third parties have been issued or may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those utilized by the Corporation. Some of these patents may grant very broad protection to the owners of the patents. The Corporation has not undertaken a review to determine whether any existing third party patents or the issuance of any third party patents would require the Corporation to alter its technology, obtain licenses or cease certain activities. The Corporation may become subject to claims by third parties that its technology infringes their intellectual property rights due to the growth of products in its target markets, the overlap in functionality of those products and the prevalence of products. The Corporation may become subject to these claims either directly or through indemnities against these claims that it provides to end-users, manufacturer's representatives, distributors, value added resellers, system integrators and original equipment manufacturers.

Litigation may be necessary to determine the scope, enforceability and validity of third party proprietary rights or to establish the Corporation's proprietary rights. Some of its competitors have, or are affiliated with companies having, substantially greater resources than the Corporation and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Corporation. Regardless of their merit, any such claims could be time consuming to evaluate and defend, result in costly litigation, cause product shipment delays or stoppages, divert management's attention and focus away from the business, subject the Corporation to significant liabilities and equitable remedies, including injunctions, require the Corporation to enter into costly royalty or licensing agreements and require the Corporation to modify or stop using infringing technology.

The Corporation may be prohibited from developing or commercializing certain technologies and products unless it obtains a license from a third party. There can be no assurance that it will be able to obtain any such license on commercially favorable terms or at all. If it does not obtain such a license, it could be required to cease the sale of certain of its products.

Health and Safety

Health and safety issues related to its products may arise that could lead to litigation or other action against the Corporation or to regulation of certain of its product components. The Corporation may be required to modify its technology and may not be able to do so. It may also be required to pay damages that may reduce its profitability and adversely affect its financial condition. Even if these concerns prove to be baseless, the resulting negative publicity could affect the Corporation's ability to market certain of its products and, in turn, could harm its business and results from operations.

Stress in the global financial system may adversely affect the Corporation's operations in ways that may be hard to predict or to defend against

Recent events have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, events seemingly unrelated to the Corporation, or to its industry, may adversely affect its finances or operations in ways that are hard to predict or defend against. For example, credit contraction in financial markets may hurt the Corporation's ability to access credit when it is needed or rapid changes in foreign exchange rates may adversely affect financial results. Finally, a reduction in credit, combined with reduced economic activity, may adversely affect businesses and industries that collectively constitute a significant portion of the Corporation's customer base. As a result, these customers may need to reduce their purchases of the Corporation's products, or there may be greater difficulty in receiving payment for the products that these customers purchase from the Corporation. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the business, operating results, and financial condition.

Insurance and Uninsured Risks

The Corporation's business is subject to a number of risks and hazards including industrial accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to equipment, personal injury or death, monetary losses and possible legal liability. Although the Corporation maintains liability insurance in amounts which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Corporation may elect not to insure against such liabilities due to high premium costs or other reasons, in which event the Corporation could incur significant costs that could have a materially adverse effect upon its financial position.

Conflicts of Interest

Certain directors and officers of the Corporation are or may become associated with other companies in the same or related industries which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Corporation. The directors and officers of the Corporation have either other full-time employment or other business or time restrictions placed on them and accordingly, the Corporation will not be the only business enterprise of these directors and officers.

Dividend Policy

The Corporation has not paid dividends in the past and has no plans to pay dividends for the foreseeable future. The future dividend policy of the Corporation will be determined by its directors.

Lack of Active Market

There can be no assurance that an active market for the Common Shares will continue and any increased demand to buy or sell the Common Shares can create volatility in price and volume.

Market Price of Common Shares

There can be no assurance that an active market for the Common Shares will be sustained. Securities of small and midcap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include global economic developments and market perceptions of the attractiveness of certain industries. The price per Common Share is also likely to be affected by change in the Corporation's financial condition or results of operations as reflected in its quarterly filings. Other factors unrelated to the performance of the Corporation that may have an effect on the price of Common Shares include the following: the extent of analytical coverage available to subscribers concerning the business of the Corporation may be limited if investment banks with research capabilities do not follow the Corporation's securities; lessening in trading volume and general market interest in the Corporation's securities may affect a subscriber's ability to trade significant numbers of Common Shares, the size of the Corporation's public float may limit the ability of some institutions to invest in the Corporation's securities; a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Corporation's securities to be delisted from the exchange, further reducing market liquidity. If an active market for the Common Shares does not continue, the liquidity of a subscriber's investment may be limited and the price of the Common Shares may decline. If such a market does not develop, subscribers may lose their entire investment in the Common Shares.

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting the sale of the Corporation's products. This may affect the Corporation's ability to ship product in the future. The possibility that future governments may adopt substantially different policies, may also effect the Corporation's operations. Local governments in all countries the Corporation deals with issue end user certificates to purchase or receive live ammunition from the Corporation. It is the decision of these countries in the Middle East, the United States, Canada, Europe, and the Baltics whether or not they will take possession or purchase such munitions.

Dividends

The Corporation has not, since the date of its incorporation, declared or paid any dividends on its Common Shares and does not currently intend to pay dividends. Earnings, if any, will be retained to finance further growth and development of the business of the Corporation.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS

See the financial statements included with this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS.

None

ITEM 9A. CONTROLS AND PROCEDURES

SDI maintains a system of controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Securities Exchange Act of 1934, as amended ("1934 Act"), is recorded, processed, summarized and reported, within time periods specified in the SEC's rules and forms and to ensure that information required to be disclosed by SDI in the reports that it files or submits under the 1934 Act, is accumulated and communicated to SDI's management, including its Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure. As of November 30, 2014, SDI's Principal Executive Officer and Principal Financial Officer evaluated the effectiveness of the design and operation of SDI's disclosure controls and procedures. Based on that evaluation, our chief executive officer and chief financial officer concluded that as of November 30, 2014, our disclosure controls and procedures were not effective due to a material weakness in our internal control over financial reporting disclosed below.

Management's Report on Internal Control over Financial Reporting

SDI's management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of SDI's principal executive officer and principal financial officer and implemented by SDI's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of SDI's financial statements in accordance with U.S. generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

SDI's management evaluated the effectiveness of its internal control over financial reporting as of November 30, 2014 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or the COSO Framework (1992 Framework). Management's assessment included an evaluation of the design of SDI's internal control over financial reporting and testing of the operational effectiveness of those controls.

Based on that evaluation, our management concluded that our internal controls over financial reporting as of November 30, 2014 were not effective due to the following material weakness:

Inherent in any small business is the pervasive problem involving segregation of duties. Since SDI has a small accounting department, segregation of duties cannot be completely accomplished at this stage in its corporate lifecycle.

In order to correct the foregoing material weakness, during the fiscal year 2014, we have taken and are taking the following remediation measures that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting:

- We have several Directors with business experience and spending time with the business.
- We have established an audit committee of our board of directors. The audit committee will provide oversight of our accounting and financial reporting;
- We have a Chief Financial Officer who has knowledge of, and experience regarding, U.S. GAAP and SEC reporting requirements.

Accordingly, SDI's management has added compensating controls to reduce and minimize the risk of a material misstatement in SDI's annual and interim financial statements.

There was no change in SDI's internal control over financial reporting that occurred during the year ended November 30, 2014 that has materially affected, or is reasonably likely to materially affect, SDI's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

Name	Age	Position
Gregory Sullivan	50	President, Principal Executive Officer and a Director
Dean Thrasher (1)	51	Director, Secretary and Chief Operating Officer
Rakesh Malhotra	58	Principal Financial and Accounting Officer
Allen Ezer (2)	38	Director
David Goodbrand (3)	42	Director
Keith Morrison (4)	55	Director
Karim Kanji (5)	47	Director

(1) Appointed as a director on November 26, 2013.
(2) Appointed as a director on January 3, 2012.
(3) Appointed as a director on October 26, 2012
(4) Appointed as a director on April 30, 2014
(5) Appointed as a director on September 15, 2014

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.

Gregory Sullivan has been a director of SDI since April 2005. On May 30, 2010 Mr. Sullivan was appointed SDI's President and Principal Executive Officer. 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.

Dean Thrasher has been the COO of SDI since October 2010. Mr. Thrasher is a senior executive with more than twenty five years of start-up business management skills, mergers & acquisitions, product launches, product development, and funding experience in the technology, wholesale, manufacturing, distribution, retail and franchise sectors, as well as extensive international business and public market experience. Mr. Thrasher has been self-employed in the investment-banking sector dating from December 2007 to present; Executive Vice President of Mint Technology Corp. (TSXV pre-paid credit cards) July 2002 to December 2007; and President, ecwebworks Inc. (e-commerce) from June 1999 to July 2002.

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 Accountant (CPA, CA). Mr. Malhotra graduated with Bachelor of Commerce (Honors) degree from the University of Delhi (India) and has served as CFO and consultant to various public Companies in USA and Canada.

Allen Ezer has held various positions with the Corporation since January 2012, including, director, Vice President of Corporate Development and Executive Vice-President of the Corporation. Mr. Ezer has been a director with Goldspike Exploration (TSXV mineral exploration corporation) since May 2012, as well as Cambrian Corp. (junior exploration); CIBC Wood Gundy November 2002 to December 2011, associate investment advisor.

David Goodbrand has served as a director for the Corporation since October 2012. Mr. Goodbrand is currently a police sergeant and has served in this capacity from September 1994 to present.

Keith Morrison is the CEO of North American Nickel Inc. , a publically traded Canadian Exploration Company. . He is currently on the Board of Directors of Marengo Mining, a TSX listed company with a Copper Deposit in Papua New Guinea. He was a co-founder and CEO of Quantec Geoscience from 1986 until 2008, that developed industry leading ground geophysical subsurface imaging technologies and has completed more than 3000 resource projects around the world. Keith has an undergraduate degree in Engineering Geophysics from Queen's University and has completed the ICD Director's Education Program at the University Of Toronto Rotman School Of Business.

Karim Kanji tenure include; President and CEO Lumen Dynamics (managed a successful sale of the company in November 2013), President Clinicare/Chartcare IT Services (negotiated the company's divestiture in year-two of his contract), Executive Officer at SEALS Ltd. a subsidiary of ICTS Europe Group (completed acquisition and post closing activities - 2011), Vice President and Vice President of Mergers & Acquisitions at Siemens Canada (total revenue responsibility >$500 million), General Manager and Finance Director Siemens Canada (with regional sales of $350 million), and has served on several boards of both public and private entities. Karim holds several degrees including his eMBA, MBA, CPA, CMA, and his masters in law from Osgoode Hall.

Rakesh Malhotra is SDI's financial expert. However, since he is an officer of SDI, Mr. Malhotra is not independent as that term is defined in 803 of the NYSE AMEX Company Guide.

SDI believes its directors are qualified to act as such due to their experience in the law enforcement or weapons industries and their general business backgrounds.

ITEM 11. EXECUTIVE COMPENSATION

For the most recently completed financial year ended November 30, 2014, the Corporation's named executive officers were Gregory Sullivan (CEO), Rakesh Malhotra (CFO) and Dean Thrasher (COO). Specific aspects of compensation payable to the named executive officers of the Corporation are dealt with in further detail in subsequent tables.

The following table sets forth all annual and long term compensation for services in all capacities to the Corporation for the Corporation's most recently completed financial years in respect of the Named Executive Officers. Summary Compensation Table

Name and Principal Position	Year ended Nov. 30	Salary ($)	Share-Based Awards ($)	Option-Based Awards(1) ($)	Non-Equity Incentive Plan Compensation		Pension Value ($)	All Other Compen-sation (5) ($)	Total Compen-sation ($)
					Annual Incentive Plan	Long-Term Incentive Plans			
Gregory Sullivan CEO (2)	2014 2013 2012	0 0 0	0 0 0	70,558 0 50,074	0 0 0	0 0 0	0 0 0	155,774 158,400 144,000	226,332 158,400 194,074
Rakesh Malhotra CFO (3)	2014 2013 2012	0 0 0	0 0 0	0 0 2,504	0 0 0	0 0 0	0 0 0	38,700 58,530 35,300	38,700 58,530 35,300
Dean Thrasher COO (4)	2014 2013 2012	0 0 0	0 0 0	112,893 0 20,074	0 0 0	0 0 0	0 0 0	115,446 120,000 120,000	228,339 120,000 170,074

Note:

(1) These options/warrants have been valued using Black-Scholes methodology. The following assumptions were made for purposes of calculating the value of options/warrants based awards: an expected option term of 5 and 4 years to exercise for 2014 and 2012 awards respectively; a projected dividend of zero; projected stock price volatility of 170.42% for 2014 and 206.87% for 2012 awards and a risk-free interest rate of 2% for both 2014 and 2012 awards.

The actual value realized, if any, on option/warrant exercises will be dependent on overall market conditions and the future performance of the Company and its Common Shares.

(2) Prior to entering into an agreement with the Corporation as CEO, Mr. Sullivan was a director of the Corporation. His directorship dates back to 2005. On May 30, 2010, Mr. Gregory Sullivan was appointed the CEO of the Corporation. Effective January 2012, Mr. Sullivan was contracted with the Corporation for a period of 60 months. Mr. Sullivan is to earn CAD $12,000 per month for his services, along with a 5% annual salary increase. In fiscal 2012, Mr. Sullivan was issued 400,000 compensation warrants (exercisable at $0.13 until January 4, 2016). During 2013, 50,000 warrants as an incentive were issued for providing a working capital loan of $96,700 (CAD $100,000). In fiscal 2014, Mr. Sullivan was granted 250,000 options which vested immediately. Mr. Sullivan is also given a CAD$600 monthly car allowance through his employment agreement with the Company effective January 2012.

(3) For services, Mr. Malhotra was issued 20,000 warrants on January 4, 2012. Mr. Malhotra is the CFO of the Corporation, and works on an hourly basis.

(4) Mr. Thrasher is contracted through Level 4 Capital Corp. for services rendered to the Company. Level 4 Capital Corp., a company in which Mr. Thrasher owns a 50% interest, was issued 800,000 options in 2014 and 800,000 compensation warrants in 2012. Of the 800,000 options and 800,000 compensation warrants, Mr. Thrasher is entitled to 50%. See "*Employment/Consulting Agreements"*.

(5) Amount represents consulting fees expensed during the year.

Incentive Plan Awards

Outstanding Share-Based Awards and Option/Warrants–Based Awards

The following table summarizes all share-based and option/warrants-based awards granted by the Corporation to its Named Executive Officers, which are outstanding as of November 30, 2014.

Name	Number of securities underlying unexercised options/warrants (#)	Option exercise price ($)	Option/Warrant expiration date
Gregory Sullivan	250,000(1) 50,000(2) 400,000(2) 397,000(2)	$0.36 $0.47 $0.13 $0.20	10-09-2019 03-14-2015 01-04-2016 10-01-2015
Rakesh Malhotra	20,000(2) 175,000(2)	$0.13 $0.20	01-04-2016 10-01-2015
Dean Thrasher (3)	400,000(1) 400,000(2)	$0.36 $0.13	10-09-2019 01-04-2016

Notes:

(1) These are compensation options issued to the named executive officer

(2) These are compensation warrants issued to the named executive officers.

(3) Level 4 Capital Corp., a company in which Mr. Thrasher owns a 50% interest, was issued 800,000 options on September 11, 2014 (exercisable at $0.36 until September 10, 2019) and 800,000 compensation warrants on January 4, 2012 (exercisable at $0.13 until January 4, 2016). Of the 800,000 options and 800,000 compensation warrants, Mr. Thrasher is entitled to 50%.

Pension Plan Benefits and Defined Contribution Plans

The Corporation does not have a pension plan or defined benefit plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Employment/Consulting Contracts

1. The Corporation has entered into an employment agreement with Gregory Sullivan, dated November 21, 2011, the Corporation's Chief Executive Officer for a 5-year term commencing January 1, 2012. Mr. Sullivan's remuneration is CAD$12,000 per month with a 5% annual increase, and a CAD$600 per month car allowance. The agreement has the following terms.

(a) The agreement will automatically renew upon the expiry of each one-year term of the agreement, unless otherwise terminated in accordance with the agreement.

(b) The employment agreement may be terminated with mutual consent or Mr. Sullivan giving 3 weeks notice.

(c) The Corporation may terminate the agreement without any notice or pay in lieu of notice, if Mr. Sullivan breaches his employment agreement or the Corporation otherwise has just cause to terminate his employment;

(d) If Mr. Sullivan has not breached his employment contract or the Corporation does not have just cause to end his employment upon termination of his employment contract, the Corporation shall provide Mr. Sullivan with two-and-a-half times his then annual remuneration and by continuing his then benefits coverage for a period of two-and-a-half years. If a change in control of the Corporation occurs, the Corporation shall pay Mr. Sullivan two times his then remuneration.

2. The Corporation has entered into a consulting agreement effective January 1, 2013 for a two-year period with Lumina Global Partners Inc. (“Lumina”), Lumina is a corporation controlled by Allen Ezer, a director of the Company. The agreement was further extended for a period of two years ending December 31, 2016 at a remuneration of CAD $8,925 per month. The agreement has the following terms.

(a) The agreement shall be terminated once all services have been completed by Lumina.

(b) Either party may terminate the consulting agreement with 90 days written notice.

(c) All services provided by Lumina shall be invoiced up to the termination date.

3. The Corporation entered into a consulting agreement effective October 4, 2012 with Level 4 Capital Corp. (“L4”), which ended September 30, 2014. The Company renewed this agreement with L4 effective October 1, 2014 and ends December 31, 2017. L4’s remuneration was $20,000 per month which was increased to CAD$24,000 per month during the renewal period. At the discretion of L4, it may take remuneration in the form of cash or in Common Shares. L4 is a corporation 50% owned by Dean Thrasher. The agreement has the following terms.

(a) The agreement shall be terminated once all services have been completed by L4. Services include; guiding the Corporation’s manufacturer through all new product development, completing the public Offering with securities commissions in Canada and the US, working with US and Canadian counsel in all aspects, go to market strategy, budgeting, and logistics of the products.

(b) Upon a change in control of L4, the Corporation has the right to terminate this agreement with 90 days notice. If a change of control of SDI occurs, the Corporation shall pay L4 eighteen months of fees.

(c) Either party may terminate the consulting agreement with mutual written consent.

(d) All services provided by L4 shall be invoiced up to the termination date.

Termination and Change of Control Benefits

Other than as noted above, the Corporation has no compensatory plan or arrangement with respect to the Named Executive Officers that results or will result from the resignation, retirement or any other termination of employment of any such officer's employment with the Corporation, from a change of control of the Corporation or a change in the responsibilities of a Named Executive Officer following a change in control.

Compensation of Directors

The compensation of the independent directors of the Corporation is yet to be determined. For 2014, Independent directors were not paid cash but were issued options. Non-independent directors are not entitled to receive directors’ fees from the Corporation. All directors are reimbursed by the Corporation for travel and other out-of-pocket expenses incurred in attending directors and shareholders’ meetings and meetings of Board committees. All directors of the Corporation benefit from the Corporation’s directors and officers liability insurance.

Compensation of Directors during Years Ended November 30, 2014 and November 30, 2013.

Year ended November 30, 2014:

Name	Paid/Payable in Cash	Stock Awards	Awards of Options or Warrants (3)
Gregory Sullivan	$ 155,774	--	70,558
Allen Ezer	$ 99,365	--	70,558
Dean Thrasher (2)	$ 115,446	--	112,893

(1) Boaz Dor resigned in year 2013
(2) Mr. Thrasher is contracted through Level 4 Capital Corp., a company in which Mr. Thrasher owns a 50% interest
(3) The fair value of options or warrants granted computed in accordance with ASC 718 on the date of grant.

Year ended November 30, 2013:

Name	Paid/Payable in Cash	Stock Awards	Awards of Options or Warrants (3)
Boaz Dor (1)	$ 45,000	--	-
Gregory Sullivan	$ 158,400	--	-
Allen Ezer	$ 100,500	--	-

(1) Boaz Dor resigned in year 2013
(2) Excludes Dean Thrasher who was appointed director on November 26, 2013
(3) The fair value of options or warrants granted computed in accordance with ASC 718 on the date of grant.

Stock Option and Bonus Plans

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.

Effective May 31, 2013, the Company adopted an incentive stock option plan (the "2013 Plan"), which replaces the stock option and stock bonus plans that were in place prior to adoption of the 2013 Plan. All outstanding options to purchase Common Shares granted by the Company under the prior plans are now governed by the 2013 Plan and the prior plans (an Incentive Stock Option Plan, a Non-Qualified Stock Option Plan, and a Stock Bonus Plan) have been terminated.

The following tables show all options exercised by SDI's current officers and directors since the inception of SDI and through November 30, 2014, and the options held by the officers and directors named below.

Options Exercised

Name	Grant Date	Options Granted (#)	Exercise Price	Expiration Date	Shares Acquired on Exercise (1)	Value Realized (2)
Gregory Sullivan	10/29/05	200,000	$ 0.10	10/29/11	200,000	$ 100,000
Boaz Dor	10/29/05	200,000	$ 0.10	10/29/11	200,000	$ 100,000
Boaz Dor	01/24/08	117,000	$ 0.10	01/24/13	117,000	$ 25,740

(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.

Name	Shares underlying unexercised options which are: Exercisable	Unexercisable	Exercise Price	Expiration Date
Gregory Sullivan	250,000	--	$ 0.36	9-10-2019
Allen Ezer	250,000	--	$ 0.36	9-10-2019
Dean Thrasher (1)	400,000	--	$ 0.36	9-10-2019
David Goodbrand	100,000	--	$ 0.45	10-25- 2016

(1) Mr. Thrasher is contracted through Level 4 Capital Corp., a company in which Mr. Thrasher owns a 50% interest

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.

In addition to the options described above, SDI has as of November 30, 2014, granted warrants to its officers and directors upon the terms shown below.

Name	Date of Issue	Number of Warrants	Exercise Price US$	Expiry Date
Greg Sullivan	03-14-2013	50,000	$0.47	03-14-2015
Greg Sullivan	01-04-2012	400,000	$0.13	01-04-2016
Boaz Dor	01-04-2012	125,000	$0.13	01-04-2016
Allen Ezer	01-04-2012	250,000	$0.13	01-04-2016
Rakesh Malhotra	01-04-2012	20,000	$0.13	01-04-2016
Dean Thrasher(2)	01-04-2012	800,000	$0.13	01-04-2016
Allen Ezer(1)	08-09-2012	400,000	$0.20	08-09-2016

Notes

(1) Warrants were issued to Lumina Global Partners Inc., a company controlled by Mr. Allen Ezer.
(2) Warrants were issued to Level 4 Capital Corp., a company in which Dean Thrasher has a 50% interest.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS MATTERS

The following table shows the ownership of SDI's common stock as of February 18, 2014 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
Gregory Sullivan	970,000	2.1%
Dean Thrasher (2)	900,000	1.9%
Allen Ezer	60,000	0.1%
Keith Morrison	190,000	0.4%
Alpha North Asset Management	4,974,378	10.6%
All Officers and Directors as a group	2,120,000	4.5%

(1) Does not reflect shares issuable upon the exercise of options or on conversion of convertible debentures.
(2) Dean Thrasher is contracted through Level 4 Capital Corp. Fifty percent of the 1,800,000 Common Shares owned by Level 4 Capital Corp. are beneficially owned by Mr. Thrasher.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Schwartz Levitsky Feldman, LLP ("Schwartz Levitsky") audited SDI's financial statements for the years ended November 30, 2014 and 2013.

The following table shows the aggregate fees billed and billable to SDI during these years by Schwartz Levitsky.

	2014	2013
Audit Fees	$ 35,450	$ 20,000
Audit-Related Fees	$ 16,800	$ 16,500
Financial Information Systems	--	--
Design and Implementation Fees	--	--
Tax Fees	--	--
All Other Fees	--	24,000

Audit fees represent amounts billed for professional services rendered for the audit of SDI's annual financial statements. Audit-Related fees represent amounts billed for the services related to the reviews of SDI's 10-Q reports. All other fees represent amounts billed for services relating to filing of prospectus/S-1 in Canada and USA. Before Schwartz Levitsky was engaged by Security Devices to render audit services, the engagement was approved by Security Device's Directors.

ITEM 15. EXHIBITS

Exhibit Number	Description of Exhibit
31.1	Rule 13a-14(a) Certifications *
31.2	Rule 13a-14(a) Certifications *
32	Section 1350 Certifications *

* Filed with this report.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized, on the 19th day of October, 2015.

SIGNATURE	TITLE	DATE
/s/ Greg Sullivan Greg Sullivan	President, Chief Executive Officer and Director	October 19, 2015
/s/ Rakesh Malhotra Rakesh Malhotra	Chief Financial Officer	October 19, 2015

SIGNATURE	TITLE	DATE
/s/ Greg Sullivan Greg Sullivan	President, Chief Executive Officer and Director	October 19, 2015
/s/ Allen Ezer Allen Ezer	Executive Vice President and Director	October 19, 2015
/s/ Karim Kanji Karim Kanji	Director	October 19, 2015
/s/ Keith Morrison Keith Morrison	Chairman of the Board of Directors	October 19, 2015
Dean Thrasher	Director	
David Goodbrand	Director	

SECURITY DEVICES INTERNATIONAL, INC.

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2014 AND 2013

Together with Report of Independent Registered Public Accounting Firm

(Amounts expressed in US Dollars)

SECURITY DEVICES INTERNATIONAL, INC.

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2014 AND 2013
(Amounts expressed in US Dollars)

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Schwartz Levitsky Feldman llp
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO • MONTREAL

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders of
Security Devices International, Inc.

We have audited the accompanying consolidated balance sheets of Security Devices International, Inc. (the "Company") as of November 30, 2014 and 2013, and the related consolidated statements of operations and comprehensive loss, cash flows and changes in stockholders' equity (deficiency) for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with 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 consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of November 30, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 2 to the consolidated financial statements, the Company has limited revenues and expects to continue to incur significant expenses from operations. The Company's future success is dependent upon its ability to raise sufficient capital, not only to cover its operating expenses, but also to continue to develop and be able to profitably market its products. Those factors raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ SCHWARTZ LEVITSKY FELDMAN LLP

Toronto, Ontario, Canada
February 13, 2015

Chartered Accountants
Licensed Public Accountants

2300 Yonge Street, Suite 1500, Box 2434
Toronto, Ontario M4P 1E4
Tel: 416 785 5353
Fax: 416 785 5663

SECURITY DEVICES INTERNATIONAL, INC.
Consolidated Balance Sheets
As at November 30, 2014 and 2013
(Amounts expressed in US Dollars)

	2014	2013
	$	$
ASSETS		
CURRENT		
Cash and cash equivalents	1,085,006	1,842,149
Accounts Receivable	7,393	20,351
Inventory (Note 17)	120,246	-
Deferred financing costs (Note 14)	170,674	-
Prepaid expenses and other receivables	29,557	45,372
Total Current Assets	1,412,876	1,907,872
Plant and Equipment (Note 9)	144,176	152,137
TOTAL ASSETS	1,557,052	2,060,009
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	161,405	106,529
Total Current Liabilities	161,405	106,529
Convertible Debentures (Note 14)	1,398,592	-
Total Liabilities	1,559,997	106,529
Going Concern (Note 2)		
Related Party Transactions (Note 8)		
Commitments and Contingencies (Note 11)		
Subsequent Events (Note 18)		
STOCKHOLDERS' EQUITY (DEFICIENCY)		
Capital Stock (Note 5)		
Preferred stock, $0.001 par value, 5,000,000 shares authorized, Nil issued and outstanding (2013 - nil). The provisions in the Articles of Incorporation 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 Company's common stock.		
Common stock, $0.001 par value 100,000,000 shares authorized, 46,899,285 issued and outstanding (2013: 46,849,285)	46,899	46,849
Additional Paid-In Capital	24,024,631	23,226,988
Deficiency	(24,042,769)	(21,320,357)
Accumulated other comprehensive loss	(31,706)	-
Total Stockholders' Equity (Deficiency)	(2,945)	1,953,480
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	1,557,052	2,060,009

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

SECURITY DEVICES INTERNATIONAL, INC.
Consolidated Statements of Operations and Comprehensive loss
Years Ended November 30, 2014 and 2013
(Amounts expressed in US Dollars)

	2014	2013
	$	$
SALES	42,480	30,096
COST OF SALES	(27,323)	(17,379)
GROSS PROFIT	15,157	12,717
EXPENSES:		
Depreciation	45,586	38,130
General and administration	2,624,488	1,698,523
TOTAL OPERATING EXPENSES	2,670,074	1,736,653
LOSS FROM OPERATIONS	(2,654,917)	(1,723,936)
Other expense-Interest (Notes 14 and 15)	(73,540)	(651,502)
Other Income-Derivative financial instrument (Note 16)	-	349,532
Other Income-Interest	6,045	1,695
LOSS BEFORE INCOME TAXES	(2,722,412)	(2,024,211)
Income taxes (Note 10)	-	-
NET LOSS	(2,722,412)	(2,024,211)
Foreign exchange translation adjustment for the year	(31,706)	-
COMPREHENSIVE LOSS	(2,754,118)	(2,024,211)
Loss per share – basic and diluted	(0.06)	(0.06)
Weighted average number of common shares outstanding during the year	46,868,052	36,565,840

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

SECURITY DEVICES INTERNATIONAL, INC.
Consolidated Statements of Cash Flows
Years Ended November 30, 2014 and 2013
(Amounts expressed in US Dollars)

	2014	2013
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	(2,722,412)	(2,024,211)
Items not requiring an outlay of cash:		
Fair value of options and warrants (included in general and administration expenses)	751,610	-
Amortization of deferred financing costs	20,202	-
Depreciation	45,586	38,130
Interest on convertible debt converted to stock	-	79,752
Amortization of debt discount	-	537,488
Gain on extinguishment of debt included in general and administration expenses (Note 15)	-	(33,501)
Derivative financial instrument	-	(349,532)
Changes in non-cash working capital:		
Accounts receivable	12,816	(20,351)
Inventory	(120,246)	-
Prepaid expenses and other receivables	14,635	(38,172)
Deferred costs	-	32,500
Accounts payable and accrued liabilities*	57,759	45,940
NET CASH USED IN OPERATING ACTIVITIES	(1,940,050)	(1,731,957)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Plant and Equipment	(37,625)	(45,219)
NET CASH USED IN INVESTING ACTIVITIES	(37,625)	(45,219)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds from issuance of common stock	-	3,069,700
Net proceeds from convertible debentures	1,241,299	
Repayment of convertible debentures	-	(30,000)
Exercise of stock options	12,500	-
Proceeds from bridge loans	-	641,965
Repayment of bridge loans	-	(294,811)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,253,799	3,386,854
Effects of foreign currency exchange rate changes	(33,267)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(757,143)	1,609,678
Cash and cash equivalents , beginning of Year	1,842,149	232,471
CASH AND CASH EQUIVALENTS END OF YEAR	1,085,006	1,842,149
SUPPLEMENTAL INFORMATION:		
INCOME TAXES PAID	-	-
INTEREST PAID	-	39,545

*Excludes the conversion of accrued interest for $89,779 on convertible debentures and loans into common shares during the year ended November 30, 2013

Non cash transactions:

Year ended November 30, 2013:

During the six month period ended May 31, 2013 the Company issued 1,801,480 common shares for conversion of convertible debentures having face value of $500,000 and accrued interest of $40,444. The total debt for $540,444 was converted into 1,801,480 common shares.

During the quarter ended August 31, 2013, the Company converted $700,000 face value of convertible debentures along with $97,716 of interest into 2,297,044 Common Shares

During the quarter ended November 30, 2013, the holder converted bridge loans for $347,154 along with accrued interest for $31,371 (total of $378,525) into 1,273,378 common shares resulting in gain on extinguishment of debt for $33,501.

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

SECURITY DEVICES INTERNATIONAL, INC.
Consolidated Statement of Changes in Stockholders' Equity (Deficiency)
For the years ended November 30, 2014 and 2013.
(Amounts expressed in US Dollars)

	Number of Common Shares $	Common Shares amount $	Additional Paid-in Capital $	Deficiency $	Accumulated Other Comprehensive loss	Total $
Balance as of November 30, 2012	**31,472,433**	**31,472**	**18,338,886**	**(19,296,146)**		**(925,788)**
Conversion of convertible debt to common shares	1,801,480	1,802	538,642			540,444
Conversion of convertible debt to common shares	2,297,044	2,297	795,419			797,716
Issuance of common shares for cash	9,984,950	9,985	3,059,715			3,069,700
Common share reconciliation difference with transfer agent	20,000	20	(20)			-
Relative fair value of detachable 325,000 warrants component of bridge loans financing			77,537			77,537
Conversion of bridge loans with accrued interest to common shares	1,273,378	1,273	416,809			418,082
Net loss for the year				(2,024,211)		(2,024,211)
Balance as of November 30, 2013	**46,849,285**	**46,849**	**23,226,988**	**(21,320,357)**		**1,953,480**
Stock based compensation for issue of options			751,610			751,610
Exercise of options	50,000	50	12,450			12,500
Relative fair value of placement agent warrants			33,583			33,583
Net loss for the year				(2,722,412)		(2,722,412)
Foreign currency translation					(31,706)	(31,706)
Balance as of November 30, 2014	**46,899,285**	**46,899**	**24,024,631**	**(24,042,769)**	**(31,706)**	**(2,945)**

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

1. BASIS OF PRESENTATION

The Company was incorporated under the laws of the state of Delaware on March 1, 2005. On February 3, 2014 the Company incorporated a wholly owned subsidiary in Canada “Security Devices International Canada Corp”. The consolidated financial statements include the accounts of Security Devices International, Inc. (the “Company” or “SDI”), and its subsidiary Security Devices International Canada Corp. All material inter- company accounts and transactions have been eliminated.

2. NATURE OF OPERATIONS AND GOING CONCERN

The Company is a less-lethal defense technology company, specializing in the innovative next generation solutions for security situations that do not require the use of lethal force. SDI has implemented manufacturing partnerships to assist in the deployment of their patented and patent pending family of products. These products consist of the Blunt Impact Projectile 40mm (BIP) line of products, and the Wireless Electric Projectile 40mm (WEP).

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year.

The Company’s activities are subject to risk and uncertainties including-

The Company does not have adequate revenue to fund all of its operational needs and may require additional financing to continue its operations if it is unable to generate substantial revenue growth. There can be no assurance that such financing will be available at all or on favorable terms.

The Company has incurred a cumulative loss of $24,042,769 from inception to November 30, 2014 which includes a non-cash stock based compensation expense of $7,237,381 for issue of options and warrants. The Company has funded operations through the issuance of capital stock and convertible debentures. The company has started to generate revenue from operations. However, it still expects to incur significant expenses before becoming profitable. The Company’s future success is dependent upon its ability to raise sufficient capital or generate adequate revenue, to cover its ongoing operating expenses, and also to continue to develop and be able to profitably market its products. These factors raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In addition to raising funds in the prior years, the Company raised $160,000 through the issuance of 800,000 common shares during the year ended November 30, 2011. The Company further raised an additional $878,328 by issue of Convertible Debentures during the year ended November 30, 2011 and $910,000 during the year ended November 30, 2012. In addition, the Company raised $649,750 by issuance of 2,165,834 common shares during the year ended November 30, 2012. On August 15, 2013, the Company filed an amended and restated final prospectus (the “Prospectus”) in Canada, in the provinces of Alberta, British Columbia and Ontario for listing its shares in these provinces in Canada. On August 27, 2013 the Company completed an initial public offering to raise gross proceeds of CAD $3,993,980 (US $3,794,280) through the issuance of 9,984,950 Common Shares at a price of CAD $0.40 (US $0.38) per Common Share (the “Issue Price”). During the year ended November 30, 2014, the Company issued $1,398,592 (CAD $1,549,000) face value 12% convertible debentures with a term to August 6, 2017 (the “Maturity Date”) and raised net $1,241,299. The Company’s common shares commenced trading on the TSX Venture Exchange (“TSX”) under the symbol “SDZ”.

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. As the precise determination of assets and liabilities, and revenues and expenses, depends on future events, the preparation of financial statements for any period necessarily involves the use of estimates. Actual amounts may differ from these estimates. Significant estimates include accruals, valuation allowance for deferred tax assets, estimates for calculation of stock based compensation, estimating the useful life of its plant and equipment and accounting for conversion features on convertible debt transactions.

b) Income Taxes

The Company accounts for income taxes under FASB Codification Topic 740-10-25 ("ASC 740-10- 25"). Under ASC 740-10-25, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740- 10-25, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets likely. The Company did not incur any material impact to its financial condition or results of operations due to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company is subject to U.S federal jurisdiction income tax examinations for the tax years 2008 through 2013. In addition, the Company is subject to state and local income tax examinations for the tax years 2008 through 2013.

c) Revenue Recognition

The Company's revenue recognition policies follow common practice in the manufacturing industry. The Company records revenue when it is realized, or realizable and earned. The Company considers revenue to be realized, or realizable and earned, when the following revenue recognition requirements are met: persuasive evidence of an arrangement exists; the products or services have been accepted by the customer via delivery or installation acceptance; the sales price is fixed or determinable; and collectability is probable. For product sales, the Company determines that the earnings process is complete when title, risk of loss and the right to use product has transferred to the customer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Cont'd

d) 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. There were no common equivalent shares outstanding at November 30, 2014 and 2013 that have been included in dilutive loss per share calculation as the effects would have been anti-dilutive. At November 30, 2014, there were 3,360,000 options and 4,794,545 warrants outstanding, which were convertible into equal number of common shares of the Company. At November 30, 2013, there were 1,510,000 options and 5,542,645 warrants outstanding, which were convertible into equal number of common shares of the Company.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts due from banks, and any other highly liquid investments with a maturity of three months or less. The carrying amounts approximate fair values because of the short maturity of those 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

All awards granted to employees and non-employees after November 30, 2005 are valued at fair value by using the Black-Scholes option pricing model and recognized on a straight line basis over the service periods of each award. The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees using the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earlier of a performance commitment or completion of performance by the provider of goods or services. As of November 30, 2014 there was $nil of unrecognized expense related to non-vested stock-based compensation arrangements granted. The total stock-based compensation expense relating to all employees and non employees for the years ended November 30, 2014 and 2013 was $751,610 and $Nil respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Cont'd

h) Foreign Currency

The parent Company maintains its books and records in U.S. dollars which is its functional and reporting currency.The Company's operating subsidiary is a foreign private company and maintains its books and records in Canadian dollars (the functional currency). The subsidiary's financial statements are converted to US dollars for consolidation purposes. The translation method used is the current rate method, where the functional currency is the foreign currency. Under the current rate method all assets and liabilities are translated at the current rate, stockholders' equity accounts are translated at historical rates and revenues and expenses are translated at average rates for the year.

Due to the fact that items in the financial statements are being translated at different rates according to their nature, a translation adjustment is created. This translation adjustment has been included in Accumulated Other Comprehensive Income (Loss).

i) Comprehensive loss

Comprehensive loss includes all changes in equity (net assets) during a period from non- owner sources. Examples of items to be included in comprehensive loss, which are excluded from net loss, include foreign currency translation adjustments and unrealized gains and losses on available-for-sale securities.

j) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities.

The Company follows ASC 820-10, "Fair Value Measurements and Disclosures" (ASC 820-10), which among other things, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-tier fair value hierarchy has been established, which prioritizes the inputs used in measuring fair value as follows:

• Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Assets that are generally included in this category are cash and cash equivalents comprised of money market funds, restricted cash and short-term investments.

• Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

• Level 3—Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Cont'd

j) Financial Instruments-Cont'd

Assets and liabilities measured at fair value as of November 30, 2014 and 2013 are classified below based on the three fair value hierarchy tiers described above:

		Carrying Value		Fair Value
November 30, 2014:				
Cash and cash equivalents	$	1,085,006	$	1,085,006
Accounts receivable	$	7,393	$	7,393
Accounts payable and accrued liabilities	$	161,405	$	161,405
Convertible debentures	$	1,398,592	$	1,398,592

		Carrying Value		Fair Value
November 30, 2013:				
Cash and cash equivalents	$	1,842,149	$	1,842,149
Accounts receivable	$	20,351	$	20,351
Accounts payable and accrued liabilities	$	106,529	$	106,529

Cash and cash equivalents have been measured using Level 1 of the Fair Value Hierarchy.

Foreign exchange risk:

The Company's subsidiary conducts its operating activities in Canadian dollars. The Company is therefore subject to gains or losses due to fluctuations in Canadian currency relative to the US dollar.

Liquidity risk:

The Company's exposure to liquidity risk is dependent on the ability to raise funds to meet commitments and to sustain operations. The company controls its liquidity risk by managing working capital and cash flows.

k) Impairment 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 group over the remaining life in measuring whether the assets are recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value.

l) Concentration of Credit Risk

The Company does not have significant off-balance sheet risk or credit concentration.

m) Convertible debt instruments

The Company accounts for convertible debt instruments when the Company has determined that the embedded conversion options should not be bifurcated from their host instruments in accordance with ASC 470-20 *Debt with Conversion and Other Options*. The Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. The Company amortizes the respective debt discount over the term of the notes, using the straight-line method, which approximates the effective interest method. The Company records, when necessary, induced conversion expense, at the time of conversion for the difference between the reduced conversion price per share and the original conversion price per share.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Cont'd)

n) Intellectual Property

Four patent applications, one for the electrical mechanism and the other three for the mechanical mechanism of the WEP40, have been filed by the Company with the U.S. Patent Office. The Company has been issued four patents.

(a) Less-lethal Projectile: This issued patent relates to the Company's distinctive collapsible ammunition head technology that absorbs kinetic energy of the projectile upon impact. The Corporation's collapsible head is used in both the BIP and the WEP.

(b) Electronic Circuitry for Incapacitating a Living Target: This issued patent relates to the electronic circuitry incapacitation system which forms part of the WEP. The patent describes an electronic circuit which provides an electrical incapacitation current to a living target.

(c) Less-lethal Wireless Stun Projectile System for Immobilizing a Target by Neuro-Muscular Disruption: This issued patent describes the process by which the WEP operates with its attachment system to halt a target through a neuro-muscular-disruption system.

(d) Autonomous Operation of a Less-lethal Projectile: This pending patent describes a motion sensing system within the WEP. The sensor will monitor movement of the target and enable the electrical output until the target is subdued. The electrical pulse is programmed for an exact time-frame to specifications of the user.

The Company's policy is to write off patent costs as they are incurred.

o) Plant and Equipment

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
Furniture and fixtures	30% declining balance method
Leasehold Improvements Moulds	straight line over period of lease 20% Straight line over 5 years

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Cont'd

p) Inventories

Inventories are valued at the lower of cost and net realizable value with cost being determined on the first-in, first-out basis for Blunt Impact Projectiles.

q) Recent Accounting Pronouncements

In June 2014, the FASB issued *ASU 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements"* ("ASU 2014-10"), which eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and changes in stockholders' equity. The amendments in ASU 2014-10 are effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods; however early adoption is permitted. The Company evaluated and adopted ASU 2014-10 early for the current period presented.

In August 2012, the FASB issued *ASU 2012-03, Technical Amendments and Corrections to SEC Sections: Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin (SAB) No. 114, Technical Amendments Pursuant to SEC Release No. 33-9250, and Corrections Related to FASB Accounting Standards Update 2010-22 (SEC Update)* ("ASU 2012-03"). This update amends various SEC paragraphs pursuant to the issuance of SAB No. 114. The adoption of ASU 2012-03 is not expected to have a significant impact on our financial position or results of operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Cont'd

q) Recent Accounting Pronouncements-Cont'd

In April 2014, the FASB issued *ASU 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* ("ASU 2014-08"), which includes amendments that change the requirements for reporting discontinued operations and require additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Additionally, ASU 2014-08 requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The new standard is effective for the Company on December 1, 2016. Early application is permitted. The Company is evaluating the effect that ASU 2014-08 will have on its consolidated financial statements and related disclosures.

In May 2014, the FASB issued *ASU 2014-09, Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on December 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures.

In August 2014, the FASB issued *ASU 2014-15 Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"), which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year after the date the financial statements are issued. An entity must provide certain disclosures if "conditions or events raise substantial doubt about the entity's ability to continue as a going concern." ASU 2014-15 applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company is currently assessing the impact of this guidance.

On January 9, 2015, FASB issued ASU 2015-01, Income Statement- Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items. The ASU *eliminates the concept of extraordinary items and the uncertainty in determining when an item is both unusual in nature and infrequent in occurrence*. Presently, an event or transaction is presumed to be ordinary activity unless evidence supports the transaction as unusual in nature and infrequent in occurrence. If an event or transaction is determined to be unusual and infrequent, it is deemed to be extraordinary, and is required to be segregated from the results of ordinary operations on the face of the income statement, net of tax, after income from continuing operations, along with other financial statement disclosures. ASU 2015-01 eliminates the concept of extraordinary items from the income statement presentation. Eliminating this concept removes the uncertainty in determining when a transaction is both unusual in nature and infrequent in occurrence. However, the presentation and disclosure guidance for items that are unusual in nature OR occur infrequently will be retained and will be expanded to include items that are both unusual in nature and infrequently occurring. This ASU aligns US GAAP with IAS 1, which prohibits presentation and disclosure of extraordinary items.

This ASU is effective for years beginning after December 15, 2015, with early adoption permitted. The Company is currently assessing the impact of this guidance.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

(Amounts expressed in US Dollars)

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Accounts payable and accrued liabilities are comprised of the following:		
Trade payables	$ 35,885	$ 48,494
Accrued liabilities-accrued interest	$ 53,338	$
Accrued liabilities-other liabilities	$ 72,182	$ 58,035
	$ 161,405	$ 106,529

Accrued liabilities-other liabilities relate primarily to professional fees.

5. CAPITAL STOCK

a) Authorized
100,000,000* Common shares, $0.001 par value
And
5,000,000 Preferred shares, $0.001 par value

*On March 20, 2013 the Company filed with the Secretary of the State of Delaware a certificate of amendment (the "Amendment") to the Company's certificate of incorporation. The Amendment increased the number of authorized shares of the Company's common stock, par value $0.001, from 50,000,000 to 100,000,000 common shares.

The Company's Articles of Incorporation authorize its Board of Directors to issue up to 5,000,000 shares of preferred stock having par value of $0.001. 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

46,899,285 Common shares (2013: 46,849,285 Common shares)

5. CAPITAL STOCK-Cont'd

c) Changes to Issued Share Capital

Year ended November 30, 2014

On July 17, 2014, the Company issued 50,000 shares on exercise of options at $0.25 per share.

Year ended November 30, 2013

During the six month period ended May 31, 2013 the Company issued 1,801,480 common shares for conversion of convertible debentures having face value of $500,000 and accrued interest of $40,444.

On August 15, 2013, the Company filed an amended and restated final prospectus (the "Prospectus") in Canada, in the provinces of Alberta, British Columbia and Ontario to list its common shares ("Common Shares") on the TSXV.

On August 27, 2013, the Company completed an initial public offering to raise gross proceeds of $3,794,280 (CAD $3,993,980) through the issuance of 9,984,950 Common Shares at a price of $0.38 (CAD$0.40) per Common Share (the "Issue Price"). The Company incurred expenses of $724,580 (CAD $734,565) to raise the capital which included a fee of CAD $80,000 paid to a former director and CEO in accordance with the terms of an agreement regarding escrow of shares and a cash commission of CAD$359,458 paid to the Agent. In addition the Company granted warrants to purchase up to 898,645 Common Shares to the Agent and members of its selling group. The warrants entitle the Agent and members of its selling group to purchase Common Shares at a price of CAD$0.40 (US $0.38) per Common Share until August 27, 2015.

Upon completion of the Offering, $700,000 face value of convertible debentures along with $97,716 of interest was converted to 2,297,044 Common Shares, resulting in the discharge of those debentures (see note 14).

On January 30, 2013, the Company issued a $199,342 (CAD $200,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date"). In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 100,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years. The relative fair value allocated to warrants and credited to additional paid in capital was $24,246 (see note 15)

On March 14, 2013, the Company issued a $97,456 (CAD $100,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date"). In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 50,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years. The relative fair value allocated to warrants and credited to additional paid in capital was $11,269

On April 12, 2013, the Company issued a $197,355 (CAD $200,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date"). In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 100,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years. The relative fair value allocated to warrants and credited to additional paid in capital was $20,502.

On May 14, 2013, the Company issued a $147,812 (CAD $150,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date"). In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 75,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years. The relative fair value allocated to warrants and credited to additional paid in capital was $21,520.

During the quarter ended November 30, 2013, the holder of bridge loans converted the principal and interest totaling $ 378,525 into common shares at CAD$0.30 per share, resulting in gain on extinguishment of debt for $33,501.

6. STOCK BASED COMPENSATION

Effective October 30, 2006 the Company adopted the following stock option and stock bonus plans which were replaced by the Incentive Stock Option Plan (the "2013 Plan") that was issued in May, 2013.

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, 2014.

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. By a resolution of the Board of Directors, the Company amended this plan to increase the number of common shares available under this plan from 2,250,000 to 4,500,000 effective October 10, 2007. The Company further amended its Non-Qualified Stock Option Plan to increase the number of Common Shares available under this plan to 5,000,000 and filed an S-8 registration statement on April 10, 2008.

(Amounts expressed in US Dollars)

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, 2014.

Effective May 31, 2013, the Company adopted an incentive stock option plan (the "2013 Plan"), which replaces the stock option and stock bonus plans that were in place prior to adoption of the 2013 Plan. All outstanding options to purchase Common Shares granted by the Company under the prior plans are now governed by the 2013 Plan and the prior plans (an Incentive Stock Option Plan, a Non-Qualified Stock Option Plan, and a Stock Bonus Plan) have been terminated.

Year ended November 30, 2014

On March 19, 2014, the board of directors granted options to five consultants to acquire a total of 400,000 common shares. The 400,000 options were issued at an exercise price of $0.31 (CAD$0.35) per share and vest immediately with an expiry term of three years. The fair value of each option used for the purpose of estimating the stock compensation is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate		2.00%
Expected dividends		0%
Forfeiture rate		0%
Volatility		151.63%
Market price of Company's common stock on date of grant of options	$	0.16
Stock-based compensation cost	$	47,897

On May 9, 2014, the board of directors granted options to one director to acquire a total of 600,000 common shares. These options were issued at an exercise price of $0.32 (CAD $0.35) per share and vest immediately with an expiry term of five years. The fair value of each option used for the purpose of estimating the stock compensation is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate		2.00%
Expected dividends		0%
Forfeiture rate		0%
Volatility		205.42%
Market price of Company's common stock on date of grant of options	$	0.24
Stock-based compensation cost	$	140,573

On July 25, 2014, the board of directors granted options to two consultants to acquire a total of 150,000 common shares. These options were issued at an exercise price of $0.32 (CAD $0.35) per share and vest immediately with an expiry date of August 5, 2017. The fair value of each option used for the purpose of estimating the stock compensation is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate		2.00%
Expected dividends		0%
Forfeiture rate		0%
Volatility		152.35%
Market price of Company's common stock on date of grant of options	$	0.28
Stock-based compensation cost	$	33,952

(Amounts expressed in US Dollars)

6. STOCK BASED COMPENSATION-Cont'd

On September 11, 2014, the board of directors granted options to directors and consultants to acquire a total of 1,875,000 common shares. These options were issued at an exercise price of $0.36 (CAD $0.40) per share and vest immediately with an expiry date of September 10, 2019. The fair value of each option used for the purpose of estimating the stock compensation is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate		2.00%
Expected dividends		0%
Forfeiture rate		0%
Volatility		170.42%
Market price of Company's common stock on date of grant of options	$	0.30
Stock-based compensation cost	$	529,188

As of November 30, 2014 there was $Nil of unrecognized expense related to non-vested stock-based compensation arrangements granted.

Year ended November 30, 2013

The Company did not issue any options during the year ended November 30, 2013.

As of November 30, 2013 there was $Nil of unrecognized expense related to non-vested stock-based compensation arrangements granted.

The following table summarizes the options outstanding under the Stock Option Plan:

	Number of options	
	2014	2013
Outstanding, beginning of year	1,510,000	1,660,000
Granted	3,025,000	-
Expired	(125,000)	(150,000)
Exercised	(50,000)	-
Forfeited	(1,000,000)	-
Cancelled	-	-
Outstanding, end of year	3,360,000	1,510,000
Exercisable, end of year	3,360,000	1,510,000

(Amounts expressed in US Dollars)

6. STOCK BASED COMPENSATION-Cont'd

Expiry date	Option price per share		Number of options 2014
June 15, 2015	$	0.20	35,000
October 2, 2015	$	0.42	200,000
October 25, 2016	$	0.45	100,000
March 18, 2017	$	0.31	400,000
August 5, 2017	$	0.32	150,000
May 18, 2019	$	0.32	600,000
September 10, 2019	$	0.36	1,875,000
TOTAL			3,360,000
Weighted average exercise price:			
Options outstanding at end of year			$ 0.35
Options granted during the year			0.34
Options exercised during the year			0.25
Options expired during the year			0.25
Options forfeited/cancelled during the year			0.45

Expiry date	Option price per share		Number of options 2013
June 30, 2014	$	0.25	175,000
June 15, 2015	$	0.20	35,000
October 2, 2015	$	0.42	200,000
October 25, 2016	$	0.45	1,100,000
TOTAL			1,510,000
Weighted average exercise price:			
Options outstanding at end of year			$ 0.42
Options granted during the year			$ -
Options exercised during the year			$ -
Options expired during the year			$ 0.50
Options forfeited/cancelled during the year			$ -

(Amounts expressed in US Dollars)

6. STOCK BASED COMPENSATION-Cont'd

The share options outstanding at the end of the year had a weighted average remaining contractual life as follows:

	2014	2013
	(Years)	(Years)
Total outstanding options	4.0	2.6
Total exercisable options	4.0	2.6

7. STOCK PURCHASE WARRANTS

Year ended November 30, 2014

On August 6, 2014, the Company issued $1,398,592 (CAD $1,549,000) face value 12% convertible debentures with a term to August 6, 2017 (the "Maturity Date"). At any time while the debentures are outstanding, the holder has the option to convert the outstanding principal of the debentures into common shares of the Company at a fixed conversion price of CAD $0.50 per share. In connection with the financing, the Company issued warrants to placement agents to purchase 151,900 shares of common stock at an exercise price of US $0.45 (CAD $0.50) per share. These warrants expire on August 5, 2016. The relative fair value allocated to warrants and credited to additional paid in capital was $33,583

Year ended November 30, 2013

On January 30, 2013, the Company issued a $199,342 (CAD $200,000) 6% convertible bridge loan with a term to July 30, 2013 issuance of the bridge loan, the Company issued detachable warrants to purchase 100,000 shares of the Company's common stock at CAD$0.50 per share and a time to expiration of two years. The relative fair value allocated to warrants and credited to additional paid in capital was $24,246 (see note 15).

On March 14, 2013, the Company issued a $97,456 (CAD $100,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date"). In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 50,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years. The relative fair value allocated to warrants and credited to additional paid in capital was $11,269 (see note 15)

On April 12, 2013, the Company issued a $197,355 (CAD $200,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date"). In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 100,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years. The relative fair value allocated to warrants and credited to additional paid in capital was $20,502 (see note 15)

On May 14, 2013, the Company issued a $147,812 (CAD $150,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date"). In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 75,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years. The relative fair value allocated to warrants and credited to additional paid in capital was $21,520 (see note 15)

On August 27, 2013, the Company completed an initial public offering to raise gross proceeds of $3,794,280 (CAD $3,993,980) through the issuance of 9,984,950 Common Shares at a price of $0.38 (CAD$0.40) per Common Share (the "Issue Price"). The Company incurred expenses of $724,580 (CAD $734,565) to raise the capital which included a fee of CAD $80,000 paid to a former director and CEO in accordance with the terms of an agreement regarding escrow of shares and a cash commission of CAD$359,458 paid to the Agent. In addition the Company granted warrants to purchase up to 898,645 Common Shares to the Agent and members of its selling group. The warrants entitle the Agent and members of its selling group to purchase Common Shares at a price of CAD$0.40 (US $0.38) per Common Share until August 27, 2015.

(Amounts expressed in US Dollars)

7. STOCK PURCHASE WARRANTS-Cont'd

	Number of Warrants Granted	Exercise Prices $	Expiry Date
Outstanding at November 30, 2012 and average exercise price	4,319,000	0.19	
Granted in year 2013	100,000	0.47	1/30/2015
Granted in year 2013	50,000	0.47	3/14/2015
Granted in year 2013	100,000	0.47	4/12/2015
Granted in year 2013	75,000	0.47	5/14/2015
Granted in year 2013	898,645	0.38	8/27/2015
Exercised	-	-	
Forfeited	-	-	
Expired	-	-	
Cancelled	-	-	
Outstanding at November 30, 2013 and average exercise price	5,542,645	0.23	
Granted in year 2014	151,900	0.45	8/5/2016
Exercised	-	-	
Forfeited	-	-	
Expired	(850,000)	0.25	
Expired	(50,000)	0.25	
Cancelled	-	-	
Outstanding at November 30, 2014 and average exercise price	4,794,545	0.24	
Exercisable at November 30, 2014		4,794,545	0.24
Exercisable at November 30, 2013		5,542,645	0.23

The warrants outstanding at the end of the year had a weighted average remaining contractual life as follows:

	2014	2013
	(Years)	(Years)
Total outstanding warrants	0.9	1.6
Total exercisable warrants	0.9	1.6

8. RELATED PARTY TRANSACTIONS

The following transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Year ended November 30, 2014

The directors were compensated as per their consulting agreements with the Company. The Company expensed a total of $248,439 as management fees for payment to its two directors and expensed a total of $6,700 as automobile allowance. In addition, the Company reimbursed $114,137 to directors and officers for travel and entertainment expenses incurred for the Company.

On May 9, 2014, the board of directors granted options to one director to acquire a total of 600,000 common shares. These options were issued at an exercise price of $0.32 (CAD $0.35) per share and vest immediately with an expiry term of five years. The Company expensed stock based compensation cost of $140,573 for these options.

On September 11, 2014, the board of directors granted options to directors to acquire a total of 1,800,000 common shares. These options were issued at an exercise price of $0.36 (CAD $0.40) per share and vest immediately with an expiry date of September 10, 2019. The Company expensed stock based compensation cost of $508,020 for these options issued to directors of the Company.

The Company expensed $38,700 for services provided by the CFO of the Company and $230,890 for services provided by a Company in which the Chief Operating Officer has an interest.

Year ended November 30, 2013

The directors were compensated as per their consulting agreements with the Company. The Company expensed a total of $296,700 as management fees for payment to its three directors and expensed a total of $7,200 as automobile allowance. In addition, the Company reimbursed $164,118 to directors and officers for travel and entertainment expenses incurred for the Company.

On March 14, 2013, the Company issued a $97,456 (CAD $100,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date") to a director. The holder has the option at any time prior to the maturity date to demand the payment of principal and interest (the "Demand Date"). Therefore, the principal amount of the note and interest is payable at the earlier of the demand date or the maturity date. In the event the holder demands payment, the Company has ten days to make payment. In the event the Company does not make payment within the ten day period, the holder has the option to convert the outstanding principal, interest, and top-up mechanism into common stock. The conversion price of the note is equal to the twenty day moving average of the trading market price on the date of conversion ("variable conversion price"). The holder is entitled to the maximum allowable discount. As a top-up mechanism, on or before the maturity date, the Company is required to pay the holder $5,847. This top-up mechanism is payable in addition the 6% interest due on the note. In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 50,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years. On September 16, 2013, the Company repaid the bridge loan ($97,456), accrued interest ($2,980), and top-up mechanism ($5,847) totaling $106,283 in full. As a result of the repayment, a gain on extinguishment of debt amounting to $11,107 was recorded.

The Company expensed $58,530 for services provided by the CFO of the Company and $240,000 for services provided by a Company in which the Chief Operating Officer has an interest.

(Amounts expressed in US Dollars)

9. PLANT AND EQUIPMENT

Plant and equipment are recorded at cost less accumulated depreciation.

	November 30, 2014		November 30, 2013	
	Cost $	Accumulated Depreciation $	Cost $	Accumulated Depreciation $
Computer equipment	37,573	33,159	37,573	31,267
Furniture and fixtures	18,027	15,212	18,027	14,006
Leasehold Improvements	23,721	13,151	23,721	10,057
Moulds	209,515	83,138	171,890	43,74
	288,836	144,660	251,211	99,074
Net carrying amount		$ 144,176		$ 152,137
Depreciation expense		$ 45,586		$ 38,130

10. INCOME TAXES

The Company has non-capital losses of approximately $15,831,371 (2013: $14,371,847) available, which can be applied against future taxable income and which expire as follows:

2025	$ 188,494
2026	609,991
2027	1,731,495
2028	3,174,989
2029	2,792,560
2030	2,044,857
2031	854,218
2032	1,073,610
2033	1,410,557
2034	1,950,600
	$ 15,831,371

The reconciliation of income taxes at statutory income tax rates to the income tax expense is as follows:

	November 30, 2014	November 30, 2013
Loss before income taxes	$ (2,722,412)	$ (2,024,211)
Applicable statutory tax rate	35.0%	35.0%
Income tax recovery at statutory rate	(952,844)	(708,474)
Permanent differences	270,134	60,566
Tax benefit not recognized	682,710	647,908
Income taxes – current and deferred	$ -	$ -

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

Federal statutory income tax rate	35.0 %
Deferred tax asset valuation allowance	(35.0)%

(Amounts expressed in US Dollars)

10. INCOME TAXES-Cont'd

Deferred tax asset components as of November 30, 2014 and 2013 are as follows:

		2014		2013
Operating losses available to offset future income-taxes	$	15,831,371	$	14,371,847
Expected Income tax recovery at statutory rate of 35% (2012: 35.0%)	$	(5,540,980)	$	(5,030,146)
Undeducted share issue costs		-		(239,958)
Valuation Allowance	$	5,540,980	$	5,270,104
Net deferred tax assets		-		-

As the company has not earned significant revenues, it has provided a 100 per cent valuation allowance on the net deferred tax asset as of November 30, 2014 and 2013. Management believes the Company has no uncertain tax position

11. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

a) Consulting agreements:

The directors of the Company executed consulting agreements with the company on the following terms:

Effective January 1, 2013, SDI executed a two year agreement with a company in which a director, Allen Ezer, has an interest. The agreement was extended for a period of two years ending December 31, 2016 at a monthly remuneration of CAD $8,925.Either party may terminate the consulting agreement by giving 90 days written notice. In the event of termination without cause due to change in control brought out by sale, lease, merger or transfer, the Company is obligated to pay severance of 12 months fees at current rate at time of change in control.

Agreement with the Chief Executive Officer Greg Sullivan to pay compensation of CAD$12,000 per month, with an annual 5% increase and a car allowance of CAD$600 per month. The agreement expires on December 31, 2016. In the event of termination without cause, the Company is obligated to pay two times the then monthly compensation and by continuing the then benefits coverage for a period of 2 years. The monthly remuneration will increase with accomplishment of milestones. The agreement may be terminated with mutual consent or by the Chief Executive Officer giving three weeks' notice.

Effective October 1, 2014, SDI executed a renewal agreement with a company in which the Chief Operating Officer Dean Thrasher has an interest in, for a period which expires on December 31, 2017 for services rendered. The total consulting fees are estimated at CAD$864,000 for the three year period. In the event of termination without cause due to change in control brought out by sale, lease, merger or transfer, the Company is obligated to pay severance of 18 months fees at current rate at time of change in control. SDI paid cash and expensed $230,892 during the year ended November 30, 2014. The company may also accept common shares in lieu of cash. As of November 30, 2014, the company has not exercised its right to accept this compensation in shares.

Effective January 1, 2013, SDI executed an agreement with a non-related consultant to pay compensation of CAD $7,000 per month. The consultant is to assist with sales initiatives, demos and participate in trade shows. The agreement is for a period of one year and was renewed for an additional period of one year. Either party may terminate the consulting agreement by giving 30 days written notice. Subsequent to the year, the Company extended this agreement for four months at a rate of $5,000 per month, expiring April 30, 2015. Effective January 1, 2013, SDI executed an agreement with another non-related consultant to pay compensation of $7,000 per month. The consultant is to assist with sales initiatives, demos and participate in trade shows. The agreement is for a period of one year and was renewed for an additional period of one year. Either party may terminate the consulting agreement by giving 30 days written notice. Subsequent to the year, the Company terminated this agreement (see subsequent event note 18)

Effective November 1, 2013, SDI executed an agreement with a non-related consultant to pay compensation of $5,000 per month. The consultant has agreed to provide corporate market advisory services. The agreement is for a period of a minimum of three months and will continue unless otherwise terminated by either party by giving 30 days written notice.

Effective April 2014, SDI executed an agreement with a non-related consultant to set up its social media sites and optimization of search engines for the Company, at a start up fee for CAD$3,000 (Phase 1) and payment of CAD$1,500 per month and issued 100,000 stock options at $0.32 (CAD$0.35) when Phase 2 of the project was implemented (refer to note 6).

Effective August 2014, SDI executed an agreement with a non-related consultant to pay compensation of $5,500 per month for the first 5 months and $5,000 from sixth month to end of the term. The consultant is to assist with sales initiatives, demos and participate in trade shows. The agreement unless renewed by mutual consent expires December 31, 2015. On renewal, there will an annual increase of 4.5% effective January 1, 2016. The consultant is also entitled to a 5% cash commission for all completed direct sales to end users and a 2% cash commission for all completed indirect sales. The Company granted 50,000 stock options to the consultant on July 25, 2014 and has agreed to grant 25,000 stock options for every 5,000 rounds sold domestically to a maximum of an additional 150,000 options. Either party may terminate the consulting agreement by giving 30 days written notice.

b) The Company has commitments for leasing office premises in Oakville, Ontario, Canada to April 30, 2018 at a monthly rent of $5,593 (CAD $6,399).

c) The Company has commitments for leasing office premises in Tampa, Florida, USA to June 30, 2015 at a monthly rent of $1,418.

CONTINGENCIES

In November of 2013, a former officer filed a law suit against the Company in the Ontario Superior Court of Justice (Province of Ontario) seeking, among other things, $60,000 in damages for wrongful dismissal, damages of $35,000 on account of vacation pay and damages to be determined for out of pocket expenses, breach of contract, unjust enrichment and loss of business opportunity. Subsequent to the year, the Company and the former officer executed a settlement agreement at CAD $15,000 (see note 18).

12. EXCLUSIVE SUPPLY AND TEAMING AGREEMENT

The Company entered into a Development, Supply and Manufacturing Agreement with the BIP Manufacturer on July 25, 2012. This Agreement provides the Company to order and purchase only from the BIP Manufacturer certain 40MM assemblies and components for use by the Company to produce less-lethal and training projectiles as described in the Agreement. The Agreement is for a term of five years with an automatic extension for an additional year if neither party has given written notice of termination prior to the end of the five year period.

The Company and a division of Abrams Airborne Manufacturing Inc. (AAMI), namely Milkor USA (MUSA), agreed to partner for a joint cross-selling / marketing initiative.

This arrangement allows both companies to leverage existing and future sales channels by offering a comprehensive, full-package of Milkor USA's 40mm Multi-Shot Grenade Launchers in conjunction with SDI's 40mm Less-Lethal ammunition product-line to end-users globally.

(Amounts expressed in US Dollars)

13. SEGMENT DISCLOSURES

The Company, after reviewing its reporting systems, has determined that it has one reportable segment and geographic segment. The Company's operations are all related to the wireless electric ammunition, as well as its blunt impact projectile. All assets of the business are located in Canada except for accounts receivable for $3,828 (2013: $20,351), inventory $120,246 (2013: $nil) and plant and equipment comprising of moulds for $126,377 (2013: $128,146) which is located in the United States of America.

14. CONVERTIBLE DEBENTURES AND DEFERRED FINANCING COSTS

Year ended November 30, 2014
$1,398,592 (CAD $1,549,000) Convertible Debentures

On August 6, 2014, the Company issued $1,398,592 (CAD $1,549,000) face value 12% convertible debentures with a term to August 6, 2017 (the "Maturity Date"). At any time while the debentures are outstanding, the holder has the option to convert the outstanding principal of the debentures into common shares of the Company at a fixed conversion price of CAD $0.50 per share. At any time after February 6, 2015, the Company has the right to force the conversion of the debentures into common shares at a price of at least CAD$0.65 per common share for a period of at least 20 consecutive trading days. If the common shares do not trade on any trading day and the bid price of the common Shares is CAD $0.65 or greater, the common shares shall be deemed to have traded at a price of at least CAD $0.65 on that trading day. Additionally, the Company has the right to redeem the debentures, in whole or in part, (a) during the 12 months ending August 6, 2015, at a premium of 15% to the principal amount being redeemed plus any accrued interest, (b) during the 12 months ending August 6, 2016, at a premium of 5% to the principal amount being redeemed plus any accrued interest, (c) during the 12 months ending August 6, 2017, at a premium of 2% to the principal amount being redeemed plus any accrued interest. In connection with the financing, the Company issued warrants to placement agents to purchase 151,900 shares of common stock at an exercise price of CAD $0.50 per share. Additionally, the Company incurred $157,293 (CAD $174,209) in financing fees.

The Company has evaluated the terms and conditions of the convertible debentures and placement agent warrants under the guidance of ASC 815. The conversion feature met the definition of conventional convertible for purposes of applying the conventional convertible exemption. The definition of conventional contemplates a fixed number of shares issuable under the arrangement. The instrument was convertible into a fixed number of shares and there were no down round anti-dilution protection features contained in the contracts. The Company was required to consider whether the hybrid contract embodied a beneficial conversion feature ("BCF"). The debentures did not result in a BCF because the conversion price was not in the money on the inception date. There were no terms or features contained in the warrant agreement that would preclude the warrants from achieving equity classification.

The following table reflects the allocation of the purchase on the financing date:

Convertible Debentures - Face Value	$	1,398,342
Proceeds	$	(1,279,773)
Deferred financing costs		(190,876)
Paid in capital (warrants)		33,583
Prepaid expenses		16,681
Accrued expenses		21,793
Convertible debentures		1,398,592

The warrants were valued at $33,583 and were recorded as a component of deferred financing costs. Interest expense related to the debentures amounted to $73,540 for the period ended November 30, 2014. Of the $73,540, $53,338 related to accrued interest and the remaining $20,202 related to the amortization of deferred financing costs.

Year ended November 30, 2013

During the six month period ended May 31, 2013 the Company issued 1,801,480 common shares for conversion of convertible debentures having face value of $500,000 and accrued interest of $40,444. The total debt for $540,444 was converted into 1,801,480 common shares at $0.30 per share.

On August 27, 2013, upon completion of the Offering, $700,000 face value of convertible debentures along with $97,716 of interest was converted to 2,297,044 Common Shares, resulting in the discharge of those debentures. In addition, the Company repaid the balance of $30,000 face value of convertible debenture not converted along with accrued interest of $3,877 and also repaid interest of $3,024 not converted to common shares.

This resulted in the complete discharge of all convertible debt.

(Amounts expressed in US Dollars)

15. CONVERTIBLE BRIDGE LOANS

Year ended November 30, 2013:

a) $199,342 (CAD $200,000) Convertible Bridge Loan

On January 30, 2013, the Company issued a $199,342 (CAD $200,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date"). The holder has the option at any time prior to the maturity date to demand the payment of principal and interest (the "Demand Date"). Therefore, the principal amount of the note and interest is payable at the earlier of the demand date or the maturity date. In the event the holder demands payment, the Company has ten days to make payment. In the event the Company does not make payment within the ten day period, the holder has the option to convert the outstanding principal, interest, and top-up mechanism into common stock. The conversion price of the note is equal to the twenty day moving average of the trading market price on the date of conversion ("variable conversion price"). The holder is entitled to the maximum allowable discount. As a top-up mechanism, on or before the maturity date, the Company is required to pay the holder $11,961. This top-up mechanism is payable in addition the 6% interest due on the note. In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 100,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years.

The Company evaluated the terms and conditions of the convertible bridge loan and detachable warrants under the guidance of ASC 815. The following table reflects the allocation on the financing date:

Convertible Bridge Loans - Face Value	$	199,342
Proceeds	$	(199,342)
Embedded conversion feature		159,268
Paid in capital (warrants)		24,246
Convertible bridge loans		15,828

On September 16, 2013, the holder converted the bridge loan ($199,342), accrued interest ($7,504), and top-up mechanism ($11,961) totaling $218,807 into 736,078 shares of common stock. Prior to the conversion, the discount of $183,514 was amortized up to face value using the effective interest method.

b) $97,456 (CAD $100,000) Convertible Bridge Loan

On March 14, 2013, the Company issued a $97,456 (CAD $100,000) 6% convertible bridge loan with a term to July 30, 2013 (the "Maturity Date"). The holder has the option at any time prior to the maturity date to demand the payment of principal and interest (the "Demand Date"). Therefore, the principal amount of the note and interest is payable at the earlier of the demand date or the maturity date. In the event the holder demands payment, the Company has ten days to make payment. In the event the Company does not make payment within the ten day period, the holder has the option to convert the outstanding principal, interest, and top-up mechanism into common stock. The conversion price of the note is equal to the twenty day moving average of the trading market price on the date of conversion ("variable conversion price"). The holder is entitled to the maximum allowable discount. As a top-up mechanism, on or before the maturity date, the Company is required to pay the holder $5,847. This top-up mechanism is payable in addition the 6% interest due on the note. In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 50,000 shares of the Company's common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years.

(Amounts expressed in US Dollars)

15. CONVERTIBLE BRIDGE LOANS - Cont'd

The Company has evaluated the terms and conditions of the convertible bridge loan and detachable warrants under the guidance of ASC 815. The following table reflects the allocation on the financing date:

Convertible Bridge Loans - Face Value	$	97,456
Proceeds	$	(97,456)
Embedded conversion feature		56,477
Paid in capital (warrants)		11,269
Convertible bridge loans		29,710

On September 16, 2013, the Company repaid the bridge loan ($97,456), accrued interest ($2,980), and top-up mechanism ($5,847) totaling $106,283 in full. As a result of the repayment, a gain on extinguishment of debt amounting to $11,107 was recorded. Prior to the repayment, the discount of $67,746 was amortized up to face value using the effective interest method.

c) $197,355 (CAD $200,000) Convertible Bridge Loan

On April 12, 2013, the Company issued a $197,355 (CAD $200,000) 6% convertible bridge loan with a term to July 30, 2013 (the “Maturity Date”). The holder has the option at any time prior to the maturity date to demand the payment of principal and interest (the “Demand Date”). Therefore, the principal amount of the note and interest is payable at the earlier of the demand date or the maturity date. In the event the holder demands payment, the Company has ten days to make payment. In the event the Company does not make payment within the ten day period, the holder has the option to convert the outstanding principal, interest, and top-up mechanism into common stock. The conversion price of the note is equal to the twenty day moving average of the trading market price on the date of conversion (“variable conversion price”). The holder is entitled to the maximum allowable discount. As a top-up mechanism, on or before the maturity date, the Company is required to pay the holder $11,841. This top-up mechanism is payable in addition the 6% interest due on the note. In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 100,000 shares of the Company’s common stock. The warrants have an exercise price of $0.50 per share and a time to expiration of two years.

(Amounts expressed in US Dollars)

15. CONVERTIBLE BRIDGE LOANS - Cont'd

The Company has evaluated the terms and conditions of the convertible bridge loan and detachable warrants under the guidance of ASC 815. The following table reflects the allocation on the financing date:

Convertible Bridge Loans - Face Value	$	197,355
Proceeds	$	(197,355)
Embedded conversion feature		105,423
Paid in capital (warrants)		20,502
Convertible bridge loans		71,430

On September 16, 2013, the Company repaid the bridge loan ($197,355), accrued interest ($5,093), and top-up mechanism ($11,841) totaling $214,289 in full. As a result of the repayment, a gain on extinguishment of debt amounting to $22,394 was recorded. Prior to the repayment, the discount of $125,925 was amortized up to face value using the effective interest method.

d) $147,812 (CAD $150,000) Convertible Bridge Loan

On May 14, 2013, the Company issued a $147,812 (CAD $150,000) 6% convertible bridge loan with a term to July 30, 2013 (the “Maturity Date”). The holder has the option at any time prior to the maturity date to demand the payment of principal and interest (the “Demand Date”). Therefore, the principal amount of the note and interest is payable at the earlier of the demand date or the maturity date. In the event the holder demands payment, the Company has ten days to make payment. In the event the Company does not make payment within the ten day period, the holder has the option to convert the outstanding principal, interest, and top-up mechanism into common stock. The conversion price of the note is equal to the twenty day moving average of the trading market price on the date of conversion (“variable conversion price”). The holder is entitled to the maximum allowable discount. As a top-up mechanism, on or before the maturity date, the Company is required to pay the holder $8,869. This top-up mechanism is payable in addition the 6% interest due on the note. In connection with the issuance of the bridge loan, the Company issued detachable warrants to purchase 75,000 shares of the Company’s common stock. The warrants have an exercise price of CAD$0.50 per share and a time to expiration of two years.

The Company has evaluated the terms and conditions of the convertible bridge loan and detachable warrants under the guidance of ASC 815. The following table reflects the allocation on the financing date:

(Amounts expressed in US Dollars)

15. CONVERTIBLE BRIDGE LOANS - Cont'd

Convertible Bridge Loans - Face Value	$	147,812
Proceeds	$	(147,812)
Embedded conversion feature		101,422
Paid in capital (warrants)		21,520
Convertible bridge loans		24,870

On September 16, 2013, the holder converted the bridge loan ($147,812), accrued interest ($3,037), and top-up mechanism ($8,869) totaling $159,718 into 537,300 shares of common stock. Prior to the conversion, the discount of $122,942 was amortized up to face value using the effective interest method.

16. DERIVATIVE FINANCIAL INSTRUMENTS

Year ended November 30, 2013

Derivative Liabilities

The convertible bridge loans as described in Note 15 contained embedded conversion features that embodied terms and features that required the instruments to be bifurcated and carried as derivative liabilities. However, as of the reporting date these derivative financial instruments were either fully converted or fully repaid. As a result, there are no derivative financial instruments as of November 30, 2013.

The following table illustrates the amounts that were reflected in the earnings related to our derivatives for the year ended November 30, 2013:

Derivative income (expense):		Year Ended November 30, 2013
$ 199,342 face value convertible bridge loan (embedded conversion feature)	$	136,402
$ 97,456 face value convertible bridge loan (embedded conversion feature)		45,370
$ 197,355 face value convertible bridge loan (embedded conversion feature)		83,029
$ 147,812 face value convertible bridge loan (embedded conversion feature)		84,731
Total derivative income	$	349,532

17. INVENTORY

Inventory as of November 30, 2014 consist of finished goods of Blunt Impact Projectiles 40mm for $120,246 which are held at the BIP manufacturer.

18. SUBSEQUENT EVENTS

In December, 2014, SDI terminated the agreement executed with a non-related consultant to pay compensation of $7,000 per month.

The Company and a former officer executed a settlement agreement to settle a lawsuit filed by the said officer seeking damages for wrongful dismissal, vacation pay, out of pocket expenses, breach of contract and loss of business opportunity. The Company agreed to pay CAD$15,000 in settlement. (See note 11 on Contingencies)

Exhibit 31.1

CERTIFICATION
OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULES 13a-14(a)/15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Gregory Sullivan, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K/A of Security Devices International, Inc. (the "registrant") for the year ended November 30, 2014;

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

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

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

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

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

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

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

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

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

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

Date: October 16, 2015

/s/Gregory Sullivan
Gregory Sullivan,
Principal Executive Officer
Security Devices International, Inc.

Exhibit 31.2

CERTIFICATION
OF CHIEF FINANCIAL OFFICER PURSUANT TO RULES 13a-14(a)/15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Rakesh Malhotra, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K of Security Devices International, Inc. (the "registrant") for the year ended November 30, 2014;

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

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

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

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

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

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

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

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

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

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

Date: October 16, 2015

/s/Rakesh Malhotra
Rakesh Malhotra
Chief Financial Officer
Security Devices International, Inc.

Exhibit 32.1

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

Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Security Devices International, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

The Amendment No. 1 to Annual Report on Form 10-K for the year ended November 30, 2014 (the “Amended 10-K”) of the Company fully complies with the requirement of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Amended 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 16, 2015

/s/ Gregory Sullivan
Gregory Sullivan
Principal Executive Officer
Security Devices International, Inc.

Dated: October 16, 2015

/s/ Rakesh Malhotra
Rakesh Malhotra
Chief Financial Officer
Security Devices International, Inc.

A signed original of this written statement required by Section 906 has been provided to Security Devices International, Inc. and will be retained by Security Devices International, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.