SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(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, 2009

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.
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(Name of Small Business Issuer in its charter)

Delaware	Applied For
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2171 Avenue Rd., Suite 103 Toronto, Ontario Canada	M5M 4B4
(Address of Principal Executive Office)	Zip Code

Registrant's telephone number, including Area Code: (416) 787-1871
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 (ss.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 [ ] No [X]

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.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	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 [X] No

The aggregate market value of the voting stock held by non-affiliates of the Company (9,901,050 shares) on May 31, 2009 was approximately $4,700,000.

As of February 20, 2010, the Company had 16,746,050 issued and outstanding shares of common stock.

Documents incorporated by reference: None

ITEM 1. BUSINESS

Security Devices International, Inc. is currently in the final stage of developing LEKTROX, a unique line of wireless electric ammunition for use in military, homeland security, law enforcement, and professional and home security situations.

SDI's LEKTROX system was developed by Elad Engineering, a company located in Israel with many years of experience in the weapons and medical device industries.

SDI's strategic collaboration with Elad resulted in the patent pending LEKTROX system. Featuring the unique extended range Wireless Electro-Muscular Disruption Technology, (or "W-EMDT"), SDI's first product, the LEKTROX 40mm round ammunition is expected to be competed during 2010.

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

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

LEKTROX is being specifically developed to achieve the highest operational success at the greatest distance of those known to be currently in development. Causing instant target incapacitation up to distances of 50 meters, the LEKTOX will give maximum field superiority to military personnel, law enforcement officers and other security operatives in situations that do not call for the use of lethal ammunition.

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

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

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

o Unique mechanisms that reduce the projectile's kinetic energy

o W-EMDT that instantly incapacitates the target without causing serious injury or lethality.

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

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

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

The LEKTROX 40MM round can be fired from a standard rifle with low recoil. Simple to operate, this system will be point and fire with a standard trigger.

As of February 20, 2010 SDI has completed the following steps in the development of the LEKTROX:

- Design and testing of ballistic rounds.
- Production of various ballistic rounds.
- Design of `electrical arms' to adhere to clothing or skin.
- Design of safety/armed mechanism.
- Production of mechanical systems.
- Design of electrical system.
- Production of electrical system.
- Integration and assembly of mechanical and electrical sub-systems for electrical rounds.
- Testing of different ballistic rounds
- Powder loading testing
- Testing of complete electrical rounds
- Adjustment of electrical rounds based on test results
- Two clinical studies in European clinics.
- Production of completed rounds.

- Developed a fully operational Long Range LEKTROX (40MM) and tested the rounds with military organizations.
- Designed moulds for the 40MM LEKTROX.

During the year ending November 30, 2010 SDI plans to complete the tooling and moulds for the 40MM LEXTROX.

See Item 6 of this report for information regarding the timing of the remaining steps in the development of the LEKTROX.

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

Competition

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

In the military market a wide variety of weapon systems are used.

Conducted energy devices, such as the LEKTROX, have gained increased acceptance during the last years as a result of the increased role of military personnel in Iraq and Afghanistan. Conducted energy weapons have gained limited acceptance in the private citizen market for non-lethal weapons.

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

SDI believes that its competitive advantage will be the ability of the LEKTROX to effectively incapacitate offenders from a distance as far as 50 meters without a trail of wires leading back to the launcher.

Patents

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

SDI has also filed several foreign patents applications.

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

Government Regulation

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

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

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

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

General

As of February 20, 2010 SDI did not have any full-time employees.

SDI's offices are located at 2171 Avenue Rd., Suite 103, Toronto, Ontario, Canada M5M 4B4. SDI's rental costs on this space for each of the two years ending November 30, 2010, excluding SDI's share of operating and common area expenses, will be $9,812. SDI's offices are expected to be adequate to meet SDI's foreseeable future needs.

SDI's website is www.lektrox.com.

ITEM 2. DESCRIPTION OF PROPERTY

See Item 1 of this report.

ITEM 3. LEGAL PROCEEDINGS.

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

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.

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

Three Months Ended	High	Low
February 2008	$2.10	$1.09
May 2008	$2.50	$1.10
August 2008	$2.51	$1.15
November 2008	$1.25	$0.31
February 2009	$0.81	$0.31
May 2009	$0.60	$0.33
August 2009	$0.91	$0.15
November 2009	$0.42	$0.19

As of February 20, 2010 SDI had approximately 200 shareholders and 16,745,050 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 favored by SDI's management.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

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

AND PLAN OF OPERATION

SDI was incorporated on March 1, 2005 and for the period from inception to November 30, 2009 has not generated any revenue.

During the year ended November 30, 2009:

- Research and Product Development expenses were lower since the development of the Company's products was nearing completion.

- General and administrative expenses decreased primarily due to a decline in stock based compensation. General and administrative expenses included charges of $177,990, which did not require the use of cash, associated with lowering the exercise price of certain options granted to SDI's officers, directors and consultants.

During the period from inception (March 1, 2005) through November 30, 2009 SDI's operations used $7,917,398 in cash. During this period SDI:

- purchased $50,521 of equipment;
- raised $7,966,650 from the sale of shares of its common stock; and
- raised $106,700 from three of its officers and directors upon the exercise of options to purchase 1,067,000 shares of common stock.

In August 2009 SDI sold, in a private offering, 788,000 Units at a price of $0.25 per Unit. Each Unit consisted of one share of SDI's common stock and one warrant. Each warrant allows the Holder to purchase one additional share of SDI's common stock at a price of $0.50 per share at any time on or before June 15, 2010.

In January 2010 SDI sold, in a subsequent private offering, 1,510,000 shares of its common stock at a price of $0.25 per share.

SDI relied upon the exemption provided by Section 4(2) of the Securities Act of 1933 with respect to the sale of its securities in August 2009 and January 2010. The investors in these offerings were provided with full information regarding SDI. There was no general solicitation in connection with these private offerings. The investors in these offerings acquired SDI's securities for their own account. The certificates representing the shares of common stock issued to the investors in these offerings bear restricted legends providing that the shares cannot be sold except pursuant to an effective registration statement or an exemption from registration.

As of November 30, 2009 SDI had developed a fully operational Long Range LEKTROX (40MM) and was planning a production line.

SDI anticipates that its capital requirements for the twelve-month period ending November 30, 2010 will be:

Development and Preproduction costs	$ 1,500,000
General and Administrative Expenses	375,000
Total	$ 1,875,000

Other than the foregoing, SDI did not have any material future contractual obligations or off balance sheet arrangements as of November 30, 2009.

SDI does not have any commitments or arrangements from any persons to provide SDI with any additional capital it may need. Without additional capital, SDI will not be able to fund its anticipated capital requirements outlined above.

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.

Not applicable.

ITEM 9A. and 9A(T). CONTROLS AND PROCEDURES

(a) 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, 2009, 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, the Principal Executive Officer and Principal Financial Officer concluded that SDI's disclosure controls and procedures were effective.

(b) Changes in Internal Controls. There were no changes in SDI's internal control over financial reporting during the year ended November 30, 2009, that materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

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, 2009 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or the COSO 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.

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. 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.

Based on this evaluation, SDI's management concluded that SDI's internal control over financial reporting was effective as of November 30, 2009.
There was no change in SDI's internal control over financial reporting

that occurred during the year ended November 30, 2009 that has materially affected, or is reasonably likely to materially affect, SDI's internal control over financial reporting.

This report does not include an attestation report of SDI's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by SDI's independent registered public accounting firm pursuant to temporary rules of the SEC that permit SDI to provide only management's report on internal control in this report.

ITEM 9B. OTHER INFORMATION

Not applicable.

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

Name	Age	Position
Sheldon Kales	54	Chief Executive Officer and a Director
Boaz Dor	55	Secretary and a Director
Rakesh Malhotra	53	Chief Financial Officer
Gregory Sullivan	43	Director

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

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

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

Rakesh Malhotra has been SDI's Chief Financial Officer since January 7, 2007. Mr. Malhotra is a United States Certified Public Accountant (CPA) and a Canadian Chartered Accountant (CA). Mr. Malhotra graduated with Bachelor of Commerce (Honors) degree from the University of Delhi (India) and worked for A.F Ferguson & Co. (the Indian correspondent for KPMG) and obtained his CA designation in India. Having practiced as an accountant for over ten years in New Delhi, Mr. Malhotra moved to the Middle East and worked for five years with the International Bahwan Group in a senior finance position. During 2000 and 2001, Mr. Malhotra worked as a chartered accountant with a mid-sized accounting firm in Toronto performing audits of public companies. Since 2005 Mr. Malhotra has been a consultant to a number of public companies. Mr. Malhotra has more than 20 years experience in accounting and financing.

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

None of SDI's directors are independent as that term is defined in section 121(A) of the listing standards of the American Stock Exchange.

SDI does not have a compensation committee or an audit committee. 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 Alternext U.S. Company Guide.

SDI has not adopted a Code of Ethics applicable to its principal executive, financial, and accounting officers and persons performing similar functions. SDI does not believe a Code of Ethics is needed at this time since SDI has only four officers.

ITEM 11. EXECUTIVE COMPENSATION

The following table shows the compensation for the three years ended November 30, 2009 paid or accrued, to Sheldon Kales, the Principal Executive Officer of SDI. None of the executive officers of SDI received compensation in excess of $100,000 during this period.

Name and Principal Position	Fiscal Year	Salary (1)	Bonus (2)	Stock Awards (3)	Option Awards (4)	All Other Annual Compensation (5)	Total
Sheldon Kales,	2009				$ 40,293	$126,500	$166,793
President	2008	--	--	--	$155,948	--	$155,948
	2007	--	--	--	$886,948	--	$886,948

(1) The dollar value of base salary (cash and non-cash) received.
(2) The dollar value of bonus (cash and non-cash) received.
(3) The fair value of stock issued for services computed in accordance with FAS 123R on the date of grant.
(4) The fair value of options and warrants granted computed in accordance with FAS 123R on the date of grant, adjusted for the fair value relating to lowering the exercise price of options granted.
(5) Amount represents consulting fees paid to Mr. Kales during the year.

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

On February 4, 2009 SDI's directors approved consulting agreements with three of it's officers. The consulting agreements provide that the officers will consult with SDI in the areas of corporate operations and product development. The consulting agreements were amended effective January 1, 2010. The terms of the amended consulting agreements are shown below.

Name	Monthly Consulting fees for January 2010	Monthly Consulting Fees for February through December 2010	Car Allowance	Expiration of Consulting Agreement
Sheldon Kales	$5,000	$6,500	--	12-31-10
Boaz Dor	$5,000	$6,500	--	12-31-10
Gregory Sullivan	$5,000	$6,500	--	12-31-10

The following shows the amounts which SDI expects to pay in cash as consulting fees to its officers during the twelve month period ending December

31, 2010, and the time these persons plan to devote to SDI's business.

Name	Proposed Compensation	Time to be Devoted to the Business of SDI
Sheldon Kales	$ 76,500	100%
Boaz Dor	$ 76,500	100%
Rakesh Malhotra	$ 21,000	10%
Gregory Sullivan	$ 76,500	50%

There are no sales, net income, or other thresholds which are required for SDI's directors to increase the compensation which in the future may be paid to SDI's officers. SDI may also issue shares of its common stock or options to compensate its officers and directors for services provided to SDI.

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

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

Compensation of Directors During Year Ended November 30, 2009

Name	Paid in Cash (1)	Stock Awards (2)	Awards of Options or Warrants (3)
Boaz Dor	$79,750	--	$16,507
Gregory Sullivan	$66,000	--	$10,243

(1) Represents consulting fees paid during the year.

(2) The fair value of stock issued for services computed in accordance with FAS 123R on the date of grant.

(3) The fair value of options or warrants granted computed in accordance with FAS 123R 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 it's employees, directors, officers, consultants and advisors. However bona fide services must be rendered by the consultants or advisors and such services must not be in connection with the offer or sale of securities in a capital-raising transaction.

Summary. The following lists, as of February 20, 2010, the options granted pursuant to the Plans. Each option represents the right to purchase one share of SDI's common stock.

Name of Plan	Total Shares Reserved Under Plans	Shares Reserved for Outstanding Options	Shares Issued as Stock Bonus	Remaining Options/Shares Under Plans
Incentive Stock Option Plan	1,000,000	--	N/A	1,000,000
Non-Qualified Stock Option Plan	5,000,000	3,598,000	N/A	335,000
Stock Bonus Plan	150,000	N/A	--	150,000

The following tables show all options granted and exercised by SDI's officers and directors since the inception of SDI and through February 20, 2010, and the options held by the officers and directors named below. All of the options listed below were granted pursuant to SDI's Non-Qualified Stock Option Plan.

Options Granted/Exercised

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Name	Grant Date	Options Granted (#)	Exercise Price	Expiration Date	Shares Acquired on Exercise (1)	Value Realized (2)
Sheldon Kales	10/29/05	550,000	$0.10	10/29/11	550,000	$275,000
Sheldon Kales	10/29/05	100,000	$0.25	10/29/11		
Boaz Dor	10/29/05	200,000	$0.10	10/29/11	200,000	$100,000
Boaz Dor	10/29/05	100,000	$0.25	10/29/11		
Gregory Sullivan	10/29/05	200,000	$0.10	10/29/11	200,000	$100,000
Gregory Sullivan	10/29/05	100,000	$0.25	10/29/11		
Rakesh Malhotra	01/07/07	125,000	$1.50	01/07/12		
Sheldon Kales	10/12/07	675,000	$1.20	10/12/12		
Boaz Dor	10/12/07	300,000	$1.20	10/12/12		
Rakesh Malhotra	10/12/07	175,000	$1.20	10/12/12		
Gregory Sullivan	10/12/07	175,000	$1.20	10/12/12		
Sheldon Kales	01/24/08	108,000	$0.10	01/24/13		
Boaz Dor	01/24/08	117,000	$0.10	01/24/13	117,000	$ 25,740
Gregory Sullivan	01/22/10	100,000	$0.25	01/22/15		

</TABLE>

(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
Sheldon Kales	100,000 (1)	--	$0.25	10-29-11
Boaz Dor	100,000 (1)	--	$0.25	10-29-11
Gregory Sullivan	100,000 (1)	--	$0.25	10-29-11
Rakesh Malhotra	125,000	--	$0.25 (2)	6-30-14 (3)
Sheldon Kales	675,000	--	$0.25 (2)	6-30-14 (3)
Boaz Dor	300,000	--	$0.25 (2)	6-30-14 (3)
Rakesh Malhotra	175,000	--	$0.25 (2)	

6-30-14 (3)				
Gregory Sullivan	175,000	--	$0.25 (2)	6-30-14 (3)
Sheldon Kales	108,000	--	$0.10	1-24-13
Gregory Sullivan	100,000	--	$0.25	1-22-15

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

(2) On June 17, 2009, SDI's directors approved the reduction of the exercise price of these options to $0.25 per share.

(3) On December 4, 2009 SDI's directors extended the expiration date of these options to June 30, 2014.

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

(i) fraud, embezzlement, misappropriation, dishonesty or breach of trust;

(ii) a willful or knowing failure or refusal by the Option Holder to perform any or all of his material duties and responsibilities as an officer of SDI, other than as the result of the Option Holder's death or Disability; or

(iii) gross negligence by the Option Holder in the performance of any or all of his material duties and responsibilities as an officer of SDI, other than as a result of the Option Holder's death or Disability;

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

The following table shows the weighted average exercise price of the outstanding options granted pursuant to SDI's stock option plans as of November 30, 2009, SDI's most recent fiscal year end. SDI's stock option plans have not been approved by its shareholders.

<TABLE>
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Plan category	Number of Securities to be Issued Upon Exercise of Outstanding Options (a)	Weighted-Average Exercise Price of of Outstanding Options	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans, Excluding Securities Reflected in Column (a)
Incentive Stock Option Plan	--	--	1,000,000
Non-Qualified Stock Option Plan	3,598,000	$0.33	335,000

</TABLE>

Warrants
- --------

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

Name	Grant Date	Shares Issuable Upon Exercise of Options	Exercise Price (1)	Expiration Date
Boaz Dor	9-06-07	17,000	$0.25	5-31-17
Sheldon Kales	10-05-07	250,000	$0.25	10-05-14

Gregory Sullivan	10-05-07	50,000	$0.25	10-05-14

(1) On June 17, 2009, SDI's directors approved the reduction of the exercise price of these warrants to $0.25 per share.

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 20, 2010 by each shareholder known by SDI to be the beneficial owner of more than 5% of SDI's outstanding shares, each director and executive officer and all directors and executive officers as a group. Except as otherwise indicated, each shareholder has sole voting and investment power with respect to the shares they beneficially own.

Name	Number of Shares (1)	Percent of Class
Sheldon Kales	2,540,910	15.2%
Boaz Dor	1,020,000	6.1%
Rakesh Malhotra	--	--
Gregory Sullivan	400,000	2.4%
Dror Shachar (2)	1,200,000	7.2%
All Officers and Directors as a group (four persons)	3,960,910	23.7%

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

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

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

Shareholder	Date of Sale	Shares Issued	Consideration Paid for Shares
Sheldon Kales	3-03-05	2,300,000	Services rendered, valued at $23,000
Sheldon Kales	3-04-05	200,000	Services rendered, valued at $2,000
Boaz Dor	3-03-05	900,000	Services rendered, valued at $9,000
Gregory Sullivan	3-03-05	40,000	Services rendered, valued at $400

Shareholder	Date of Sale	Shares Issued	Consideration Paid for Shares
Gregory Sullivan	3-04-05	200,000	Services rendered, valued at $2,000
Alexander Blaunshtein (1)	3-03-05	1,560,000	Services rendered, valued at $15,600
Consultant	3-03-05	1,200,000	Services rendered,

			valued at $12,000
Consultants	3-04-05	125,000	Services rendered, valued at $1,250
Private Investors	4-15-05	397,880	$ 99,470
Private Investors	12-31-05	486,000	$ 48,600
Private Investors	1-31-06	470,000	$ 47,000
Private Investors	3-08-06	286,000	$ 50,050
Consultant	3-08-06	50,000	Services rendered, valued at $8,750
Public Investors	5-06/7-06	2,000,000	$ 400,000
Sheldon Kales	11-06	550,000	$ 55,000 (2)
Boaz Dor	11-06	200,000	$ 20,000 (2)
Gregory Sullivan	11-06	200,000	$ 20,000 (2)
Private Investors	12-06	2,536,170	$ 2,536,170
Consultant	3-12-07	50,000	Services rendered, valued at $155,000
Private Investors	4-07/5-07	2,139,000	$4,812,750
Boaz Dor	11-08	117,000	$11,700 (2)
Private Investors	8-09	778,000 (3)	$197,000

(1) Alexander Blaunshtein is the son of Natan Blaunstein, who was a former director of SDI. In March 2007 these shares were purchased by SDI for $50,000, cancelled, and returned to the status of authorized but unissued shares.
(2) Shares were issued upon the exercise of stock options.
(3) Shares were sold as part of a Unit. Each Unit was sold for $0.25 and consisted of one share of SDI's common stock and one warrant. Each warrant allows the Holder to purchase one share of SDI's common stock at a price of $0.50 per share at any time on or before June 15, 2010.

With the exception of the shares issued upon the exercise of shares issued upon the exercise of options, SDI relied upon the exemption provided by Section 4(2) of the Securities Act of 1933 in connection with the issuance of these shares.

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

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Schwartz Levitsky Feldman, LLP ("Schwartz Levitsky") audited SDI's financial statements for the years ended November 30, 2009 and 2008.

The following table shows the aggregate fees billed and billable to SDI during the years ended November 30, 2009 and 2008 by Schwartz Levitsky.

	2009	2008
Audit Fees	$16,200	$15,000
Audit-Related Fees	$8,320	$ 8,600
Financial Information Systems		--
Design and Implementation Fees		--
Tax Fees	--	
All Other Fees	--	

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 and reviews of SDI's registration statements on Form SB-2 and Form S-8. 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	
3.1	Articles of Incorporation	(Incorporated by reference to the same exhibit filed with the Company's registration statement on Form SB-2 (File No. 333-12456).
3.2	Bylaws	(Incorporated by reference to the same exhibit filed with the Company's registration statement on Form SB-2 (File No. 333-132456).
31	Rule 13a-14(a) Certifications	*
32	Section 1350 Certifications	*

* Filed with this report.

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

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2009 AND 2008

Together with Report of Independent Registered Public Accounting Firm

(Amounts expressed in US Dollars)

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

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2009 AND 2008
(Amounts expressed in US Dollars)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying balance sheets of Security Devices International, Inc. (the "Company") as at November 30, 2009 and 2008 and the related statements of operations and comprehensive loss, cash flows and stockholders' equity (deficiency) for the years ended November 30, 2009 and 2008 and the period from inception (March 1, 2005) to November 30, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of November 30, 2009 and 2008, and the results of its operations and its cash flows for the years ended November 30, 2009 and 2008 and the period from inception (March 1, 2005) to November 30, 2009 in accordance with generally accepted accounting principles in the United States of America.

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 controls over financial reporting. Accordingly, we express no such opinion.

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. As discussed in note 2 to the financial statements, the company has not commenced operations and has no source of operating revenue and expects to incur significant expenses before establishing operating revenue. The Company's future success is dependent upon its ability to raise sufficient capital, not only to maintain its operating expenses, but also to continue to develop and be able to profitably market its product. That raises 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.

/s/ Schwartz Levitsky Feldman LLP
"SCHWARTZ LEVITSKY FELDMAN LLP"

Toronto, Ontario, Canada — Chartered Accountants
February 26, 2010 — Licensed Public Accountants

SECURITY DEVICES INTERNATIONAL, INC.
(A Development Stage Enterprise)
Balance Sheets
As at November 30, 2009 and 2008
(Amounts expressed in US Dollars)

	2009	2008

ASSETS	$	$
CURRENT		
Cash and cash equivalents	55,431	2,167,699
Prepaid expenses and other	31,172	45,984
Total Current Assets	86,603	2,213,683
Plant and Equipment, net (Note 9)	29,924	25,450
TOTAL ASSETS	116,527	2,239,133

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	691,729	219,081
Total Current Liabilities	691,729	219,081

Going Concern (Note 2)

Related Party Transactions (Note 8)

Commitments (Note 11)

Subsequent Events (Note 13)

STOCKHOLDERS' EQUITY (DEFICIT)

Capital Stock (Note 5)		
Preferred stock, $0.001 par value, 5,000,000 shares authorized, Nil issued and outstanding (2008 - nil)		
Common stock, $0.001 par value 50,000,000 shares authorized, 15,235,050 issued and outstanding (2008 -14,447,050)	15,235	14,447
Additional Paid-In Capital	13,463,251	13,084,826
Deficit Accumulated During the Development Stage	(14,053,688)	(11,079,221)
Total Stockholders' Equity (Deficit)	(575,202)	2,020,052
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	116,527	2,239,133

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

SECURITY DEVICES INTERNATIONAL, INC.
(A Development Stage Enterprise)
Statements of Operations and Comprehensive loss
Years Ended November 30, 2009 and 2008 and the Period from Inception (March 1, 2005) to November 30, 2009
(Amounts expressed in US Dollars)

	Cumulative since inception $	2009 $	2008 $
EXPENSES:			
Research and Product Development	6,546,273	2,031,230	2,632,548
Amortization	20,597	9,348	8,652
General and administration	7,759,412	941,702	1,834,237
TOTAL OPERATING EXPENSES	14,326,282	2,982,280	4,475,437
LOSS FROM OPERATIONS	(14,326,282)	(2,982,280)	(4,475,437)

	Cumulative since inception	2009	2008
Other Income	272,594	7,813	73,651
LOSS BEFORE INCOME TAXES	(14,053,688)	(2,974,467)	(4,401,786)
Income taxes (Note 10)	-	-	-
NET LOSS AND COMPREHENSIVE LOSS	(14,053,688)	(2,974,467)	(4,401,786)
Loss per share - basic and diluted		(0.20)	(0.31)
Weighted average common shares outstanding		14,671,576	14,335,179

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

SECURITY DEVICES INTERNATIONAL, INC.
(A Development Stage Enterprise)
Statements of Cash Flows
Years Ended November 30, 2009 and 2008 and the Period from Inception (March 1, 2005) to November 30, 2009
(Amounts expressed in US Dollars)

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	Cumulative since inception	2009	2008
	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period	(14,053,688)	(2,974,467)	(4,401,786)
Items not requiring an outlay of cash:			
Issue of shares for professional services	154,000	-	-
Stock based compensation (included in general and administration expenses)	4,905,419	177,990	1,231,056
Compensation expense for warrants issued (included in general and administration expenses)	361,317	4,223	-
Loss on cancellation of common stock	34,400	-	-
Amortization	20,597	9,348	8,652
Changes in non-cash working capital:			
Prepaid expenses and other	(31,172)	14,812	(9,196)
Accounts payable and accrued liabilities	691,729	472,648	44,239
NET CASH USED IN OPERATING ACTIVITIES	(7,917,398)	(2,295,446)	(3,127,035)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Plant and Equipment	(50,521)	(13,822)	(10,142)
NET CASH USED IN INVESTING ACTIVITIES	(50,521)	(13,822)	(10,142)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans/ (Repayments) from directors/shareholders	-	-	-
Net Proceeds from issuance of common shares	7,966,650	197,000	-
Cancellation of common stock	(50,000)	-	-
Exercise of stock options	106,700	-	11,700
NET CASH PROVIDED BY FINANCING ACTIVITIES	8,023,350	197,000	11,700
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	55,431	(2,112,268)	(3,125,477)
Cash and cash equivalents, beginning of Year	-	2,167,699	5,293,176

CASH AND CASH EQUIVALENTS, END OF YEAR	55,431	55,431	2,167,699
INCOME TAXES PAID	-	-	-
INTEREST PAID	-	-	-

</TABLE>

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

SECURITY DEVICES INTERNATIONAL, INC.
(A Development Stage Enterprise)
Statement of Changes in Stockholders' Equity
For the years ended November 30, 2009 and 2008 and the period from inception
(March 1, 2005) to November 30, 2009.
(Amounts expressed in US Dollars)

<TABLE>
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	Number of Common Shares	Common Shares amount	Additional Paid-in Capital	Deficit accumulated	Total
		$	$	$	$
Balance as of March 1, 2005	-	-	-	-	-
Issuance of Common shares for professional services	6,525,000	6,525	58,725	-	65,250
Issuance of common shares for cash	397,880	398	99,072	-	99,470
Net loss for the period	-	-	-	(188,699)	(188,699)
Balance as of November 30, 2005	6,922,880	6,923	157,797	(188,699)	(23,979)
Issuance of common shares for cash	956,000	956	94,644	-	95,600
Issuance of common shares for cash	286,000	286	49,764	-	50,050
Issuance of common shares to consultant for services	50,000	50	8,700	-	8,750
Issuance of common shares for cash	2,000,000	2,000	398,000	-	400,000
Exercise of stock options	950,000	950	94,050	-	95,000
Issuance of common shares for cash (net of agent commission)	200,000	200	179,785	-	179,985
Stock subscriptions received			1,165,500	-	1,165,500
Stock based compensation	-	-	1,049,940	-	1,049,940
Net loss for the year	-	-	-	(1,660,799)	(1,660,799)
Balance as of November 30, 2006	11,364,880	11,365	3,198,180	(1,849,498)	1,360,047
Issuance of common shares for stock					
Subscriptions received in prior year	1,165,500	1,165	(1,165)	-	-
Issuance of common shares for cash	1,170,670	1,171	1,169,499		1,170,670
Issuance of common shares for cash and services	50,000	50	154,950		155,000

Issuance of common shares for cash (net of expenses)	2,139,000	2,139	4,531,236		4,533,375
Cancellation of stock	(1,560,000)	(1,560)	(14,040)		(15,600)
Stock based compensation			2,446,433		2,446,433
Issue of warrants			357,094		357,094
Net loss for the year	-	-	-	(4,827,937)	(4,827,937)
	----------	----------	----------	----------	----------
Balance as of November 30, 2007	14,330,050	14,330	11,842,187	(6,677,435)	5,179,082
Exercise of stock options	117,000	117	11,583		11,700
Stock based compensation	-	-	1,231,056	-	1,231,056
Net loss for the year	-	-	-	(4,401,786)	(4,401,786)
Balance as of November 30, 2008	14,447,050	14,447	13,084,826	(11,079,221)	2,020,052
Issuance of common shares for cash	788,000	788	196,212		197,000
Stock based compensation	-	-	177,990	-	177,990
Compensation expense for warrants			4,223		4,223
Net loss for the year	-	-	-	(2,974,467)	(2,974,467)
	----------	----------	----------	----------	----------
Balance as of November 30, 2009	15,235,050	15,235	13,463,251	(14,053,688)	(575,202)
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</TABLE>

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

SECURITY DEVICES INTERNATIONAL, INC.
(A Development Stage Enterprise)
Notes to Financial Statements
November 30, 2009 and 2008
(Amounts expressed in US Dollars)

1. BASIS OF PRESENTATION

The financial statements which include the accounts of Security Devices International Inc. (the "Company") were prepared in accordance with US GAAP. The Company was incorporated under the laws of the state of placeStateDelaware on March 1, 2005.

2. NATURE OF OPERATIONS AND GOING CONCERN

The Company has completed the development of a fully operational 40MM long range LEKTROX, a unique line of wireless electric ammunition for use in military, homeland security, law enforcement, and professional and home security scenarios and the Company is now planning for a production line. LEKTROX has been specially designed for use with standard issue riot guns and M203 grenade launchers. This will allow military, law enforcement agencies etc. to quickly deploy LEKTROX without the need for lengthy, complex training methods or significant functional adjustments to vehicles or personal equipment. Simplicity of use is also a key benefit for the home security market where most users have little or no specialized training. LEKTROX is a 3rd generation electric solution. First generation solutions were electric batons and hand-held stun guns which had a range of an arm's length. 2nd generations were the wired electric charge solutions. 3rd generations are the wireless electric bullets.

The Company's financial statements are presented on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has no source for operating revenue and expects to incur expenses before establishing operating revenue. The Company has a need for additional working capital to fund its operating expenses and for the economic production of LEKTROX, which is currently being evaluated by the US Military. The Company's future success is dependent upon its continued ability to raise sufficient capital to fund operating expenses and the economic production of LEKTROX. This raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty. In order to finance the continued development, the Company is working towards to raising of appropriate capital in the near future. During the year ended November 30, 2009, the Company was able to raise $197,000 through issue of common shares and warrants. The Company further raised an additional $377,500 through the issue of common shares subsequent to the year (see note 13-subsequent events)

The Company has incurred a loss of $ 2,974,467 during the year ended November 30, 2009 primarily due to its research and development activities. At November 30, 2009, the Company had an accumulated deficit during the development stage of $14,053,688 which includes a non- cash stock based compensation expense of $4,905,419 and compensation expense for warrants for $361,317.

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 correspondingly 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 and estimating the useful life of its plant and equipment.

b) Income Taxes

Deferred tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or refundable for the period increased or decreased by the change in deferred tax assets and liabilities during the period.

c) Revenue Recognition

The Company's revenue recognition policies are expected to follow common practice in the manufacturing industry, where in the Company will recognize revenue when delivery of its products manufactured has occurred, persuasive evidence of an agreement exists, the price is fixed or determinable, collect ability is reasonably assured and product cannot be returned for refund.

d) Earnings (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, 2009 and 2008 that have been included in dilutive loss per share calculation as the effects would have been anti-dilutive. At November 30, 2009, there were 3,768,000 options and 1,105,000 warrants outstanding, which were convertible into equal number of common shares of the Company. At November 30, 2008, there were 3,768,000 options and 423,950 warrants outstanding, which were convertible into equal number of common shares of the Company.

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

e) Fair Values

The Company carries cash and cash equivalents and accounts payable and accrued liabilities at historical costs since their respective estimated fair values approximate carrying values due to their current nature.

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, 2009 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, 2009 and 2008 was $177,990 and $1,231,056 respectively

h) Foreign Currency

The Company maintains its books, records and banking transactions in U.S. dollars which is its functional and reporting currency.

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.

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

j) 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 grouping 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. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value of asset less cost to sell.

k) Asset Retirement Obligation

Asset retirement obligations are recorded as a liability in the period in which the company incurs the obligation.

l) Concentration of Credit Risk

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

m) Cash and Cash Equivalents

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

n) Intellectual Property with Respect to Pending Patent Applications

Four patent applications, one for the electrical mechanism and the other three for the mechanical mechanism of the LEKTROX, have been filed by the Company with the U.S. Patent Office. Expenditures for patent applications as a result of research activity are not capitalized due to the uncertain value of the benefits that may accrue.

o) 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

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

p) Recent Accounting Pronouncements

FASB ASC TOPIC 805 - "Business Combinations." The objective of this topic is to enhance the information that an entity provides in its financial reports about a business combination and its effects. The Topic mandates: (i) how the acquirer recognizes and measures the assets acquired, liabilities assumed and any non-controlling interest in the acquiree; (ii) what information to disclose in its financial reports and; (iii) recognition and measurement criteria for goodwill acquired. This Topic is effective for any acquisitions made on or after December

15, 2008. The adoption of this Topic did not have a material impact on the Company's financial statements and disclosures.

FASB ASC TOPIC 810 - "Noncontrolling Interests." The objective of this Topic is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards that require: (i) the ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented in the consolidated statement of financial position within equity, but separate from the parent's equity; (ii) the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income; (iii) changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for consistently; (iv) when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value. The gain or loss on the deconsolidation of the subsidiary is measured using the fair value of any noncontrolling equity investment rather than the carrying amount of that retained investment and; (v) entities provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. This Topic is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The adoption of this Topic is not expected to have a material impact on the Company's financial statements and disclosures.

FASB ASC TOPIC 815 - "Derivatives and Hedging." The use and complexity of derivative instruments and hedging activities have increased significantly over the past several years. This Topic requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. This Topic is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The adoption of this Topic is not expected to have a material impact on the Company's financial statements and disclosures.

FASB ASC TOPIC 944 - "Financial Services - Insurance." Diversity exists in practice in accounting for financial guarantee insurance contracts by insurance enterprises. That diversity results in inconsistencies in the recognition and measurement of claim liabilities because of differing views about when a loss has been incurred. This Topic requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is

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

p) Recent Accounting Pronouncements Cont'd

evidence that credit deterioration has occurred in an insured financial obligation. This Topic is effective for financial statements issued for fiscal years beginning after December 15, 2008 and all interim periods within those fiscal years, except for some disclosures about the insurance enterprise's risk-management activities. The adoption of this Topic is not expected to have a material impact on the Company's financial statements and disclosures.

FASB ASC TOPIC 855 - "Subsequent Events." In May 2009, the FASB issued Topic 855, which establish general standards of accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this Topic sets forth : (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. This Topic should be applied to the accounting and disclosure of subsequent events. This Topic does not apply to subsequent events or transactions that are within the scope of other applicable accounting standards that provide different guidance on the accounting treatment for subsequent events or transactions. This Topic was effective for interim and annual periods ending after June 15, 2009, which was October 31, 2009 for the Company. The adoption of this Topic did not have a material impact on the Company's financial statements and disclosures.

FASB ASC TOPIC 105 - "The FASB Accounting Standard Codification and the Hierarchy of Generally Accepted Accounting Principles." In June 2009, the FASB issued Topic 105, which became the source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this Topic, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-SEC accounting literature not included in the Codification will become non-authoritative. This Topic identifies the sources of accounting principles and the framework for selecting the principles used in preparing the financial statements of nongovernmental entities that are presented in conformity with GAAP and arranged these sources of GAAP in a hierarchy for users to apply accordingly. This Topic is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this topic did not have a material impact on the Company's disclosure of the financial statements.

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

p) Recent Accounting Pronouncements Cont'd

FASB ASC TOPIC 320 - "Recognition and Presentation of Other-Than-Temporary Impairments." In April 2009, the FASB issued Topic 320 amends the other-than-temporary impairment guidance in GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This Topic does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. The Topic is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. Earlier adoption for periods ending before March 15, 2009, is not permitted. This Topic does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this Topic requires comparative disclosures only for periods ending after initial adoption. The adoption of this Topic did not have a material impact on the Company's financial statements and disclosures.

FASB ASC TOPIC 860 - "Accounting for Transfer of Financial Assets and Extinguishment of Liabilities." In June 2009, the FASB issued additional guidance under Topic 860 which improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. This additional guidance requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. Enhanced disclosures are required to provide financial statement users with greater transparency about transfers of financial assets and a transferor's continuing involvement with transferred financial assets. This additional guidance must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. This additional guidance must be applied to transfers occurring on or after the effective date. The adoption of this Topic is not expected to have a material impact on the Company's financial statements and disclosures.

FASB ASC TOPIC 810 - "Consolidation of Variables Interest and Special Purpose Entities." In June 2009, the FASB issued Topic 810, which requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics: (i) The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (ii) The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that

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

p) Recent Accounting Pronouncements Cont'd

a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance. This Topic requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity and eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, which was based on determining which enterprise absorbs the majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both. This Topic is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited. The adoption of this Topic is not expected to have a material impact on the Company's financial statements and disclosures.

FASB ASC TOPIC 820 - "Fair Value measurement and Disclosures", an Accounting Standard Update. In September 2009, the FASB issued this Update to amendments to Subtopic 82010, "Fair Value Measurements and Disclosures". Overall, for the fair value measurement of investments in certain entities that calculates net asset value per share (or its equivalent). The amendments in this Update permit, as a practical expedient, a reporting entity to measure the fair value of an investment that is within the scope of the amendments in this Update on the basis of the net asset value per share of the investment (or its equivalent) if the net asset value of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of Topic 946 as of the reporting entity's measurement date, including measurement of all or substantially all of the underlying investments of the investee in accordance with Topic 820. The amendments in this Update also require disclosures by major category of investment about the attributes of investments within the scope of the amendments in this Update, such as the nature of any restrictions on the investor's ability to redeem its investments at the measurement date, any unfunded commitment, and the investment strategies of the investees. The major category of investment is required to be determined on the basis of the nature and risks of the investment in a manner consistent with the guidance for major security types in GAAP on investments in debt and equity securities in paragraph 320-10-50-lB. The disclosures are required for all investments within the scope of the amendments in this Update regardless of whether the fair value of the investment is measured using the practical expedient. The amendments in this Update apply to all reporting entities that hold an investment that is required or permitted to be measured or disclosed at fair value on a recurring or non recurring basis and, as of the reporting entity's measurement date, if the investment meets certain criteria The amendments in this Update are effective for the interim and annual periods ending after December 15, 2009. Early application is permitted in financial statements for earlier interim and annual periods that have not been issued. The adoption of this Update is not expected to have a material impact on the Company's financial statements and disclosures.

(Amounts expressed in US Dollars)

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

p) Recent Accounting Pronouncements Cont'd

FASB ASC TOPIC 740 - "Income Taxes", an Accounting Standard Update. In September 2009, the FASB issued this Update to address the need for additional implementation guidance on accounting for uncertainty in income taxes. For entities that are currently applying the standards for accounting for uncertainty in income taxes, the guidance and disclosure amendments are effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this Update did not have a material impact on the Company's financial statements and disclosures.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009	2008
Accounts payable and accrued liabilities are comprised of the following:		
Trade payables	$ 658,932	$ 2,950
Accrued liabilities	32,797	216,131
	$ 691,729	$ 219,081

Accrued liabilities relate primarily to audit, legal and accounting expenses (2008: research and development, audit, legal and accounting expenses)

5. CAPITAL STOCK

a) Authorized
50,000,000 Common shares, $0.001 par value
And

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

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

b) Issued

15,235,050 Common shares (2008: 14,447,050 Common shares)

c) Changes to Issued Share Capital

Year ended November 30, 2008

The Company received $11,700 and issued 117,000 common shares on exercise of stock options by a director of the Company.

Year ended November 30, 2009

On August 19, 2009 the Company sold 788,000 units to a group of private investors. Each unit consisted of one share of common stock and one warrant. Each warrant allows the holder to purchase one share of the Company's common stock at a price of $0.50 per share at any time prior to June 15, 2010. The shares were sold at a price of $0.25 per unit. The shares of common stock are, and any shares issuable upon the exercise of warrants will be, restricted securities, as that term is defined in Rule 144 of the Securities and Exchange Commission. The Company relied upon the exemption provided by Section 4(2) of the Securities Act of 1933 in connection

6. STOCK BASED COMPENSATION

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

Incentive Stock Option Plan. The Company's Incentive Stock Option Plan authorizes the issuance of shares of its Common Stock to persons that exercise options granted pursuant to the Plan. Only employees may be granted options pursuant to the Incentive Stock Option Plan. The option exercise price is determined by its directors but cannot be less than the market price of its common stock on the date the option is granted. The Company has reserved 1,000,000 common shares under this plan. No options have been issued under this plan as at November 30, 2009.

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 dateMonth10Day10Year2007October 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.

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, 2009.

6. STOCK BASED COMPENSATION-Cont'd

Year ended November 30, 2008

Effective January 24, 2008 the board of directors granted the following options under its Non-Qualified Stock Option Plan:

1. Options to one director to acquire 108,000 common shares. The exercise price was set at $0.10 per share.

2. Options to one director to acquire 117,000 common shares. The exercise price was set at $0.10 per share.

All of the above options vest immediately and have an expiry date of January 24, 2013. Stock based compensation cost of $324,891 has been expensed to general and administration expense.

Effective April 11, 2008 the board of directors granted the following options under its Non-Qualified Stock Option Plan:

1. Options to two consultants to each acquire 300,000 common shares for a total of 600,000 common shares. The exercise price was set at $1.50 per share.

2. Options to one consultant to acquire 150,000 common shares. The exercise price was set at $1.50 per share

All of the above options vest immediately and have an expiry date of April 11, 2013. Stock based compensation cost of $850,067 has been expensed to general and administration expense.

Effective May 21, 2008, the board of directors granted options to an Investor Relation consultant to acquire 50,000 common shares at an exercise price of $2.25 per share. All of these options vested immediately and have an expiry of May 21, 2010. Stock based compensation cost of $56,098 has been expensed to general and administration expense.

Year ended November 30, 2009

On December 17, 2008, the Company approved the reduction of the exercise price of 2,940,000 outstanding options which had earlier been issued at prices ranging from $1.00 to $3.60 to a new option price of $0.50 per share, with all other terms of the original grant remaining the same. The Company expensed this additional non-cash stock based compensation expense relating to this modification for $114,688. This reduction in exercise price relates to a total of 1,150,000 options in total issued to the Company's three directors; 300,000 options in total issued to the Company's officer and the balance total of 1,490,000 unexercised options issued in the past to various consultants.

(Amounts expressed in US Dollars)

6. STOCK BASED COMPENSATION-Cont'd

On June 17, 2009, the Company approved the reduction of the exercise price of 2,700,000 outstanding options which had on December 17, 2008 been reduced to an option price of $0.50 per share, to a new option price of $0.25 per share, with all other terms of the original grant remaining the same. The Company expensed this additional non-cash stock based compensation expense relating to this modification for $63,302. This reduction in exercise price relates to a total of 1,150,000 options in total issued to the Company's three directors; 300,000 options in total issued to the Company's officer and the balance total of 1,250,000 unexercised options issued in the past to various consultants.

For the year ended November 30, 2009 the Company has recognized in its financial statements additional stock-based compensation costs as per the following details. The fair value of each option used for the purpose of estimating the stock compensation is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

December 17, 2008:

Risk free rate	2.95%
Expected dividends	0%
Forfeiture rate	0%
Exercise price	$0.50
Volatility	137.12%
Increase in fair value due to reduction in exercise price of options	$0.03-$0.09
Market price of Company's common stock on date of reduction in exercise price	$0.32
Stock-based compensation cost expensed	$114,688
Unexpended stock-based compensation deferred over to next period	$Nil

June 17, 2009:

Risk free rate	2.95%
Expected dividends	0%
Forfeiture rate	0%
Exercise price	$0.25
Volatility	125.79%
Increase in fair value due to reduction in exercise price of options	$0.02-$0.03
Market price of Company's common stock on date of reduction in exercise price	$0.25
Stock-based compensation cost expensed	$63,302
Unexpended stock-based compensation deferred over to next period	$Nil

As of November 30, 2009 there was $Nil of unrecognized expense related to non-vested stock-based compensation arrangements granted.

6. STOCK BASED COMPENSATION-Cont'd

The following table summarizes the options outstanding under its

(Amounts expressed in US Dollars)

Non-Qualified Stock Option Plan:

	Number of shares 2009	Number of shares 2008
Outstanding, beginning of year	3,768,000	2,890,000
Granted	-	1,025,000
Expired	-	-
Exercised	-	(117,000)
Cancelled	-	(30,000)
Outstanding, end of year	3,768,000	3,768,000
Exercisable, end of year	3,768,000	3,768,000

Expiry date	Option price per share	Number of shares 2009	Number of shares 2008
January 31, 2010	$1.20	120,000	120,000
May 21, 2010	$0.50	50,000	-
May 21, 2010	$2.25		50,000
October 29, 2011	$0.25	300,000	300,000
October 29, 2011	$0.50	300,000	300,000
November 14, 2011	$0.25	100,000	-
November 14, 2011	$1.00	-	100,000
January 7, 2012	$0.25	125,000	-
January 7, 2012	$1.50	-	125,000
January 29, 2012	$0.50	40,000	-
January 29, 2012	$3.60		40,000
April 23, 2012	$0.25	300,000	-
April 23, 2012	$2.75	-	300,000
October 12, 2012	$0.25	1,575,000	-
October 12, 2012	$1.20		1,575,000
January 24, 2013	$0.10	108,000	108,000
April 11, 2013	$1.50	-	750,000
April 11, 2013	$0.50	150,000	
April 11, 2013	$0.25	600,000	-
TOTAL		3,768,000	3,768,000

Weighted average exercise price:	2009	2008
Options outstanding at end of year	$ 0.29	1.27
Options granted during the year	$ -	1.23
Options exercised during the year	$ -	0.10
Options cancelled during the year	$ -	1.20

6. STOCK BASED COMPENSATION-Cont'd

The weighted average remaining contractual term of the total outstanding, and the total exercisable options under the Non-Qualified Stock Option Plan were as follows:

2009	2008
(Years)	(Years)

Total outstanding options	2.7	3.7
Total exercisable options	2.7	3.7

7. STOCK PURCHASE WARRANTS

Year ended November 30, 2008

The Company did not issue any warrants during the year ended November 30, 2008

Year ended November 30, 2009

On August 19, 2009 the Company sold 788,000 units to a group of private investors. Each unit consisted of one share of common stock and one warrant. Each warrant allows the holder to purchase one share of the Company's common stock at a price of $0.50 per share at any time prior to June 15, 2010.

	Number of Warrants Granted	Exercise Prices $	Expiry Date
Outstanding at November 30, 2006 and average exercise price	-	-	-
Granted in year 2007	17,000	0.5	5/31/2017
Granted in year 2007	250,000	0.5	10/5/2014
Granted in year 2007	50,000	0.5	10/5/2014
Granted in year 2007	106,950	2.81	4/25/2009
Exercised	-	-	
Forfeited	-	-	
Cancelled	-	-	
Outstanding at November 30, 2007 and average exercise price	423,950	1.08	
Granted in year 2008	-	-	
Exercised	-	-	
Forfeited	-	-	
Cancelled	-	-	
Outstanding at November 30, 2008 and average exercise price	423,950	1.08	
Granted in year 2009	788,000	0.5	6/15/2010
Exercised	-	-	
Forfeited/Expired	(106,950)	(2.81)	
Cancelled	-	-	
Exercisable at November 30, 2009	1,105,000	0.70	
Exercisable at November 30, 2008	423,950	1.08	

7. STOCK PURCHASE WARRANTS-Cont'd

The weighted average remaining contractual term of the total outstanding, and the total exercisable warrants were as follows:

	2009 (Years)	2008 (Years)
Total outstanding options	1.8	4.7
Total exercisable options	1.8	4.7

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, 2009:

a) A Company Director has charged the Company a total amount of $6,000 for providing office space during the year ended November 30, 2009.

b) The directors were compensated from January 1, 2009 as per their consulting agreements with the Company. One director was paid $110,000 as consulting fee and $16,500 as automobile allowance; one director was paid $68,750 as consulting fee and $11,000 as automobile allowance; one director was paid $40,000 as consulting fee and $11,000 as automobile allowance.

c) On December 17, 2008 the board of directors approved the reduction in the exercise price of the following options under its Non-Qualified Stock Option Plan:

1. Reduction in the exercise price of the options already issued to three directors to acquire 1,150,000 common shares from exercise price of $1.20 to a new exercise price of $0.50 per share.

2. Reduction in the exercise price of the options already issued to an officer to acquire 125,000 common shares from exercise price of $1.25 to a new exercise price of $0.50 per share and reduction in the exercise price to acquire 175,000 common shares from $1.20 to a new exercise price of $0.50 per share.

Stock based compensation cost relating to the reduction in the exercise price of the options issued to directors and officers, as above, amounting to $46,660 has been expensed to general and administration expense.

8. RELATED PARTY TRANSACTIONS-Cont'd

d) On June 17, 2009 the board of directors approved the reduction in the exercise price of the following options under its Non-Qualified Stock Option Plan:

1. Reduction in the exercise price of the options already issued to three directors to acquire 1,150,000 common shares from reduced exercise price of $0.50 to a new exercise price of $0.25 per share.

2. Reduction in the exercise price of the options already issued to an officer to acquire 125,000 common shares from reduced exercise price of $0.50 to a new exercise price of $0.25 per share and further reduction in the exercise price to acquire 175,000 common shares from $0.50 to a new exercise price of $0.25 per share.

Stock based compensation cost relating to the reduction in the exercise price of the options issued to directors and officers, as above, amounting to $34,322 has been expensed to general and administration expense.

e) On June 17, 2009, the Company further approved the reduction of the exercise price of 317,000 outstanding warrants which had earlier been issued to directors at $0.50 per share to a new exercise price of $0.25 per share, with all other terms of the original issue remaining the same. The Company expensed this additional non-cash compensation expense relating to this modification for $ 4,223.

(Amounts expressed in US Dollars)

f) The Company expensed $ 21,300 being cost for services rendered by the CFO for the year ended November 30, 2009.

Year ended November 30, 2008

Effective January 24, 2008 the board of directors granted the following options under its Non-Qualified Stock Option Plan:

3. Options to one director to acquire 108,000 common shares. The exercise price was set at $0.10 per share.

4. Options to one director to acquire 117,000 common shares. The exercise price was set at $0.10 per share.

All of the above options vest immediately and have an expiry date of January 24, 2013. Stock based compensation cost of $324,891 has been expensed to general and administration expense.

A Director has charged the Company a total amount of $6,000 for providing office space during the year ended November 30, 2008.

The Company expensed $ 20,850 being cost for services rendered by the CFO for the year ended November 30, 2008.

9. PLANT AND EQUIPMENT, NET

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

Computer equipment	30%	declining balance method
Furniture and Fixtures	30%	declining balance method

	Nov 30, 2009 Cost $	Nov 30, 2009 Accumulated Amortization $	Nov 30, 2008 Cost $	Nov 30, 2008 Accumulated Amortization $
Computer equipment	35,211	14,113	22,958	8,102
Furniture and fixtures	15,310	6,484	13,741	3,147
	50,521	20,597	36,699	11,249
Net carrying amount	$29,924		$25,450	
Amortization expense	$ 9,348		$ 8,652	

10. INCOME TAXES

The Company has certain non-capital losses of approximately $8,501,446 (2008: $5,704,969) available, which can be applied against future taxable income and which expire as follows:

2025 $ 188,494

(Amounts expressed in US Dollars)

2026	$ 609,991
2027	$ 1,731,495
2028	$ 3,174,989
2029	$ 2,796,477
	$ 8,501,446

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)%
Effective rate	(0.0)%

10. INCOME TAXES-Cont'd

Deferred tax asset components as of November 30, 2009 and 2008 are as follows:

	2009	2008
Operating losses available to offset future income-taxes	$ 8,501,446	$ 5,704,969
Expected Income tax recovery at statutory rate of 35% (2008: 34.0%)	($2,975,506)	($1,939,689)
Valuation Allowance	$2,975,506	$1,939,689
Net deferred tax assets	-	-

As the company is in the development stage and has not yet earned any revenue, it has provided a 100 per cent valuation allowance on the net deferred tax asset as of November 30, 2009 and 2008.

11. COMMITMENTS

(a) The company has commitments for leasing office premises in Toronto,Ontario,Canada to November 30, 2010. The annual commitments, excluding proportionate realty and maintenance costs and taxes are as follows:

Year ended November 30, 2010	$ 9,812
	$9,812

(b) On February 4, 2009 the Company's directors approved consulting agreements with three of the Company's officers. The consulting agreement with Greg Sullivan was modified to increase the monthly consulting fees from $ 3,125 per month to $5,000 per month commencing September 2009. The consulting agreements, which are effective retroactive to January 1, 2009, provide that the officers will consult with the Company in the areas of corporate operations and product development. The terms of the consulting agreements effective as of November 30, 2009 are shown below. The consulting agreements terminate on December 31, 2009.

Name of Officer	Monthly Consulting Fee	Monthly Automobile Allowance

Sheldon Kales	$10,000	$1,500
Boaz Dor	$ 6,250	$1,000
Greg Sullivan	$ 5,000	$1,000

11. COMMITMENTS-Cont'd

On January 1, 2010, the Company's directors renewed consulting agreements with three of the Company's officers on the following terms:

Name	Monthly Consulting fees for January 2009	Monthly Consulting Fees for February through December 2010	Car Allowance	Expiration of Consulting Agreement
Sheldon Kales	$5,000	$6,500	--	12-31-2010
Boaz Dor	$5,000	$6,500	--	12-31-2010
Gregory Sullivan	$5,000	$6,500	--	12-31-2010

(c) On November 30, 2009, the Company entered into a Memorandum of Understanding ("MOU") with its research and development service contractor ("the contractor"). This MOU covers various alternatives to the Company to settle the liability to the contractor in the amount of $658,932 as at November 30, 2009. Should the Company become insolvent, or is unable to continue operations, or is unable to pay the contractor pursuant to the MOU, then it will grant the contractor an exclusive, irrevocable, worldwide, assignable, sub licensable, perpetual license to further develop and to market the Company's electric bullet and rubber bullet technology. The Company will negotiate a royalty in the event such rights are granted to the contractor.

12. 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 research and product development for its wireless electric ammunition. All assets of the business are located in Canada.

13. SUBSEQUENT EVENTS

The Company has reviewed subsequent events up to February 20, 2010. Subsequent events are as follows:

On December 4, 2009, the Company approved the reduction of the exercise price of 300,000 outstanding options which had earlier been issued at a price of $0.50 to a new option price of $0.25 per share, with all other terms of the original grant remaining the same. The Company will expense this additional non-cash stock based compensation expense relating to this modification for $6,534 in the first quarter of 2010..

On December 4, 2009, the Company approved the extension of the expiration of 2,900,000 outstanding options from their initial expiry date ranging from November 2011 to April 2013 to a new expiration date of June 30, 2014 with all other terms of the original grant remaining the same. The Company will expense this additional non-cash stock based compensation expense relating to this modification for $106,036 in the first quarter of 2010.

(Amounts expressed in US Dollars)

13. SUBSEQUENT EVENTS-Cont'd

On January 4, 2010, the board of directors granted options to a director to acquire 100,000 common shares at an exercise price of $0.25 per share. All of these options vested immediately and have an expiry of five years. Stock based compensation cost of $23,677 will be expensed in the first quarter of 2010.

On January 4, 2010 the Company completed the placement for 1,510,000 common shares to private investors. The shares were sold at a price of $0.25 per common share for a total consideration of $377,500. The shares of common stock are restricted securities, as that term is defined in Rule 144 of the Securities and Exchange Commission. The Company relied upon the exemption provided by Section 4(2) of the Securities Act of 1933 in1933 in this connection.

SIGNATURES

In accordance with Section 13 or 15(a) of the Exchange Act, the Registrant has caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on the 28th day of February 2010.

SECURITY DEVICES INTERNATIONAL INC.

February 28, 2010 By /s/ Sheldon Kales

Sheldon Kales, President and
Principal Executive Officer

February 28, 2010 By /s/ Rakesh Malhotra

Rakesh Malhotra, Principal Financial
and Accounting Officer

Pursuant to the requirements of the Securities Act of l934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

	Title	Date
/s/ Sheldon Kales - -------------------------- Sheldon Kales	Director	February 28, 2010
/s/ Boaz Dor - -------------------------- Boaz Dor	Director	February 28, 2010
/s/ Gregory Sullivan - -------------------------- Gregory Sullivan	Director	February 28, 2010

SECURITY DEVICES INTERNATIONAL, INC.

ANNUAL REPORT ON FORM 10-K

EXHIBITS

EXHIBIT 31

CERTIFICATIONS

I, Sheldon Kales, certify that;

1. I have reviewed this annual report on Form 10-K of Security Devices International, Inc.;

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, no misleading with respect to the period covered by the report;

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and 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 make 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 provided reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

February 28, 2010 /s/ Sheldon Kales

Sheldon Kales,
Principal Executive Officer

CERTIFICATIONS

I, Rakesh Malhotra, certify that;

1. I have reviewed this annual report on Form 10-K of Security Devices International, Inc.;

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, no misleading with respect to the period covered by the report;

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and 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 make 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 provided reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

February 28, 2010 /s/ Rakesh Malhotra

Rakesh Malhotra,
Principal Financial Officer

EXHIBIT 32

In connection with the Annual Report of Security Devices International, Inc. (the "Company") on Form 10-K for the period ending November 30, 2009 as filed with the Securities and Exchange Commission (the "Report"), Sheldon Kales, the Principal Executive Officer and Rakesh Malhotra the Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of their knowledge:

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

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

February 28, 2010 By: /s/ Sheldon Kales

Sheldon Kales, Principal Executive Officer

February 28, 2010 By: /s/ Rakesh Malhotra

Rakesh Malhotra, Principal Financial Officer