

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended February 28, 2011

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: None

Security Devices International, Inc.  
(Exact Name of Registrant as Specified in its Charter)

Delaware 71-1050654

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

1101 Pennsylvania Ave., NW, 6th Floor  
Washington, DC 20004

-----  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number including area code: (416) 787-1871

N/A

-----  
Former name, former address, and former fiscal year, if changed  
since last report

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

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

Larger accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

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

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of  
common stock, as of the latest practicable date: 25,878,050 shares outstanding  
as of April 12, 2010.

SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
INTERIM FINANCIAL STATEMENTS  
FEBRUARY 28, 2011  
(Amounts expressed in US Dollars)  
(Unaudited)

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Interim Balance Sheets  
As at February 28, 2011 and November 30, 2010  
(Amounts expressed in US Dollars)

	February 28, 2011 (unaudited)	November 30, 2010 (audited)
ASSETS	\$	\$
<b>CURRENT</b>		
Cash	71,570	247,328
Prepaid expenses and other	16,953	38,419
	-----	-----
Total Current Assets	88,523	285,747
Plant and Equipment, net (Note 4)	26,504	29,200
	-----	-----
<b>TOTAL ASSETS</b>	<b>115,027</b>	<b>314,947</b>
	-----	-----
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	767,098	787,641
	-----	-----
Total Current Liabilities	767,098	787,641
	-----	-----

Going Concern (note 2)

Related Party Transactions (note 8)

Commitments (note 9)

Subsequent Events (note 10)

STOCKHOLDERS' DEFICIT

Capital Stock (Note 5)			
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, Nil issued and outstanding (2009 - nil)			
Common stock, \$0.001 par value 50,000,000 shares authorized, 25,878,050 issued and outstanding (2010 -25,878,050)	25,878	25,878	
Additional Paid-In Capital	16,026,078	15,876,078	
Deficit Accumulated During the Development Stage	(16,704,027)	(16,374,650)	
	-----	-----	
Total Stockholders' Deficit	(652,071)	(472,694)	
	-----	-----	
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	115,027	314,947	
	-----	-----	

See condensed notes to the interim financial statements.

1

SECURITY DEVICES INTERNATIONAL, INC.

(A Development Stage Enterprise)

Statements of Operations

For the Three Months Ended February 28, 2011 and February 28, 2010

(Amounts expressed in US Dollars)

(Unaudited-Prepared by Management)

<TABLE>

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	For the Cumulative since inception (March 1, 2005) 2011	For the three months ended February 28, 2010	For the three months ended February 28,
	\$	\$	\$

OPERATING EXPENSES:

Research and Product Development Cost	7,652,784	159,809	271,213
Amortization	32,269	2,696	1,978
General and Administration	9,291,568	166,872	273,083
	-----	-----	-----
TOTAL OPERATING EXPENSES	16,976,621	329,377	546,274
	-----	-----	-----
LOSS FROM OPERATIONS	(16,976,621)	(329,377)	(546,274)
Other Income-Interest	272,594	-	-
	-----	-----	-----
LOSS BEFORE INCOME TAXES	(16,704,027)	(329,377)	(546,274)
Income taxes	-	-	-
	-----	-----	-----
NET LOSS AND COMPREHENSIVE LOSS	(16,704,027)	(329,377)	(546,274)
Loss per share - basic and diluted	(0.01)	(0.03)	
	-----	-----	

Weighted average common shares outstanding 25,878,050 16,174,606  
 </TABLE>

See condensed notes to the interim financial statements.

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SECURITY DEVICES INTERNATIONAL, INC.  
 (A Development Stage Enterprise)  
 Interim Statement of Cash Flows  
 For the Three Months Ended February 28, 2011 and February 28, 2010  
 (Amounts expressed in US Dollars)  
 (Unaudited-Prepared by Management)

<TABLE>

<S>	<C>	<C>	<C>
	For the three months ended February 28, 2011	For the three months ended February 28, 2010	
	Cumulative since inception (March 1, 2005)	ended February 28, 2011	ended February 28, 2010
	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the period	(16,704,027)	(329,377)	(546,540)
Items not requiring an outlay of cash:			
Issue of shares for services	584,500	-	-
Stock based compensation for options and warrants (included in general and administration expenses)	5,556,406	-	93,493
Loss on cancellation of common stock	34,400	-	-
Amortization	32,269	2,696	2,244
Changes in non-cash working capital:			
Prepaid expenses and other	(16,953)	21,466	3,644
Accounts payable and accrued liabilities	767,098	(20,543)	85,801
	-----	-----	-----
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(9,746,307)</b>	<b>(325,758)</b>	<b>(361,358)</b>
	-----	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of Plant and Equipment	(58,773)	-	-
	-----	-----	-----
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(58,773)</b>	<b>-</b>	<b>-</b>
	-----	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Stock subscriptions received	180,000	150,000	
Net proceeds from issuance of common shares	9,629,150	-	357,500
Cancellation of common stock	(50,000)	-	-
Exercise of stock options	117,500	-	-
	-----	-----	-----
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>9,876,650</b>	<b>150,000</b>	<b>357,500</b>
	-----	-----	-----
<b>NET INCREASE (DECREASE) IN CASH FOR THE PERIOD</b>	<b>71,570</b>	<b>(175,758)</b>	<b>(3,858)</b>
Cash, beginning of period	-	247,328	55,431
	-----	-----	-----
<b>CASH, END OF PERIOD</b>	<b>71,570</b>	<b>71,570</b>	<b>51,573</b>
	=====	=====	=====
<b>INCOME TAXES PAID</b>	<b>-</b>	<b>-</b>	<b>-</b>
	=====	=====	=====
<b>INTEREST PAID</b>	<b>-</b>	<b>-</b>	<b>-</b>
	=====	=====	=====

</TABLE>

## SECURITY DEVICES INTERNATIONAL, INC.

(A Development Stage Enterprise) Interim Statement of Changes in Stockholders' Equity Three months ended February 28, 2011 and for Period from Inception (March 1, 2005) to November 30, 2010.

(Amounts expressed in US Dollars)

(Amounts expressed in US Dollars)

&lt;TABLE&gt;

<S>	<C>	<C>	<C>	<C>	<C>	<C>
	Number of	Common	Additional	Accumulated		
	Common	Shares	Paid-in	During		
	Shares	amount	Capital	Development	Stage	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)	
Issuance of common shares for cash	8,143,000	8,143	1,665,157	-	1,673,300	
Issuance of common shares For services	2,500,000	2,500	428,000	-	430,500	

Stock subscriptions received		30,000		30,000		
Stock based compensation		289,670		289,670		
Net loss for the year		(2,320,962)		(2,320,962)		
	-----	-----	-----	-----	-----	-----
Balance as of November 30, 2010	25,878,050	25,878	15,876,078	(16,374,650)	(472,694)	
Stock subscriptions received		150,000		150,000		
Net loss for the period		(329,377)		(329,377)		
	-----	-----	-----	-----	-----	-----
Balance as of February 28, 2011	25,878,050	25,878	16,026,078	(16,704,027)	(652,071)	

</TABLE>

See condensed notes to the interim financial statements

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Condensed Notes to Interim Financial Statements  
February 28, 2011  
(Amounts expressed in US Dollars)  
(Unaudited-Prepared by Management)

#### 1. BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with U.S. generally accepted accounting principles (GAAP); however, such information reflects all adjustments (consisting solely of normal recurring adjustments), which are, in the opinion of management, necessary for a fair statement of the results for the interim periods.

The condensed financial statements should be read in conjunction with the financial statements and Notes thereto together with management's discussion and analysis of financial condition and results of operations contained in the Company's annual report on Form 10-K for the year ended November 30, 2010. In the opinion of management, the accompanying condensed financial statements reflect all adjustments of a normal recurring nature considered necessary to fairly state the financial position of the Company at February 28, 2011 and November 30, 2010, the results of its operations for the three-month periods ended February 28, 2011 and February 28, 2010, and its cash flows for the three-month periods ended February 28, 2011 and February 28, 2010. In addition, some of the Company's statements in this quarterly report on Form 10-Q may be considered forward-looking and involve risks and uncertainties that could significantly impact expected results. The results of operations for the three-month period ended February 28, 2011 are not necessarily indicative of results to be expected for the full year.

The Company was incorporated under the laws of the state of Delaware on March 1, 2005.

#### 2. NATURE OF OPERATIONS AND GOING CONCERN

The Company is a defense technology corporation specializing in the development of innovative next generation less-than-lethal solutions for security situations that do not require the use of deadly force, or ammunition. SDI is currently developing manufacturing partnerships to assist in the deployment of their patent pending family of products. These products consist of; the Blunt Impact Projectile 40mm (BIP40), and the Wireless Electric Projectile 40mm (WEP40).

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

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SECURITY DEVICES INTERNATIONAL, INC.

2. NATURE OF OPERATIONS AND GOING CONCERN-Cont'd

At February 28, 2011, the Company has not yet achieved profitable operations, had a working capital deficiency of \$678,575 and has accumulated losses of \$16,704,027 since inception and expects to incur further losses in the development of its business, all of which limits the Company's ability to continue as a going concern. The Company has a need for additional working capital to launch its blunt impact and electric 40mm round products, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due.

In order to finance the continued development, the Company is working towards raising of appropriate capital in the near future. During the year ended November 30, 2009, the Company raised \$197,000 through issue of common shares and warrants. The Company further raised an additional \$1,673,300 net through the issue of 8,143,000 common shares and also received \$30,000 subscription for shares pending allotment during the year ended November 30, 2010. The Company further received an additional \$150,000 subscription for shares pending allotment during the three month period ended February 28, 2011.

While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern

The Company has incurred a loss of \$ 329,377 during the three month period ended February 28, 2011 primarily due to its research and development activities. At February 28, 2011, the Company had an accumulated deficit during the development stage of \$16,704,027 which includes a non- cash stock based compensation expense of \$5,556,406 for issue of options and warrants.

3. RESEARCH AND PRODUCT DEVELOPMENT

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

4. PLANT AND EQUIPMENT, NET

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

Computer equipment	30%	declining balance method
Furniture and Fixtures	30%	declining balance method
Leasehold Improvements		straight line over period of lease

	February 28, 2011		November 30, 2010	
	-----		-----	
	Accumulated		Accumulated	
	Cost	Amortization	Cost	Amortization
	\$	\$	\$	\$
Computer equipment	35,211	21,550	35,211	20,442

Furniture and fixtures	15,310	9,594	15,310	9,131
Leasehold Improvements	8,252	1,125	8,252	-
	-----	-----	-----	-----
	58,773	32,269	58,773	29,573
	-----	-----	-----	-----
Net carrying amount		\$26,504		\$29,200
	-----	-----		-----

## 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.

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Condensed Notes to Interim Financial Statements  
February 28, 2011  
(Amounts expressed in US Dollars)  
(Unaudited-Prepared by Management)

## 5. CAPITAL STOCK-Cont'd

### b) Issued

25,878,050 Common shares

### c) Changes to Issued Share Capital

Year ended November 30, 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 Company paid \$20,000 as finder's fees. 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 in this connection.

In May, 2010, the Company received \$10,800 being the exercise of options to acquire 108,000 common shares at an exercise price of \$0.10 per common share. The Company issued 108,000 common shares during the quarter ended August 31, 2010.

On June 1, 2010 the Company sold 1,000,000 shares of common stock to a private investor at a price of \$0.20 per share. 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 in connection with the sale of these securities.

In June 9, 2010 the Company sold 650,000 shares of common stock to two private investors at a price of \$0.20 per share. The Company relied upon the exemption provided by Section 4(2) of the Securities Act of 1933 in connection with the sale of these shares. The shares sold are restricted securities, as that term is defined in Rule 144 of the Securities and Exchange Commission.



On August 31, 2010 the Company sold 700,000 shares of common stock to a private investor at a price of \$0.20 per share. 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 in connection with the sale of these securities.

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Condensed Notes to Interim Financial Statements  
February 28, 2011  
(Amounts expressed in US Dollars)  
(Unaudited-Prepared by Management)

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

On September 22, 2010 the Company sold 2,250,000 shares of common stock to private investors at a price of \$0.20 per share. 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 in connection with the sale of these securities.

On October 18, 2010 the Company sold 1,925,000 shares of common stock to private investors at a price of \$0.20 per share. 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 in connection with the sale of these securities.

On October 18, 2010 the Company issued 2,500,000 shares of common stock for services which includes 550,000 common shares issued to directors for settlement of debt and cancellation of options and 1,800,000 common shares for services provided by an outside Company which is owned by an officer of this Company.

Three months ended February 28, 2011

The Company received subscriptions for 750,000 common shares at \$0.20 per share. The Company has not issued any shares during this period.

#### 6. STOCK BASED COMPENSATION

Year ended November 30, 2010

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 expensed this additional non-cash stock based compensation expense relating to this modification for \$6,534. The fair value of each option used for the purpose of estimating the stock compensation is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate	2.61%
Expected dividends	0%
Forfeiture rate	0%
Volatility	173.24%
Exercise price	\$0.25
Increase in fair value due to reduction in exercise price of options	\$0.02

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Condensed Notes to Interim Financial Statements  
February 28, 2011  
(Amounts expressed in US Dollars)  
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## 6. STOCK BASED COMPENSATION-Cont'd

Market price of Company's common stock on date of reduction in exercise price	\$0.25
Stock-based compensation cost expensed	\$6,534

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 expensed this additional non-cash stock based compensation expense relating to this modification for \$63,282. The fair value of each option used for the purpose of estimating the stock compensation is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate	2.61%
Expected dividends	0%
Forfeiture rate	0%
Volatility	173.24%
Stock-based compensation cost expensed	\$63,282

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. The Company expensed stock based compensation cost of \$23,677. The fair value of each option used for the purpose of estimating the stock compensation is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate	2.61%
Expected dividends	0%
Forfeiture rate	0%
Volatility	170.69%
Market price of Company's common stock on date of grant of options	\$0.25
Stock-based compensation cost expensed	\$23,677

On May 20, 2010, the Company approved the extension of the expiration of 50,000 outstanding options from their initial expiry date from May 21, 2010 to a new expiration date of June 30, 2014 and a reduction in the exercise price of the options from \$0.50 to \$0.25 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 \$13,326. 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:

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Condensed Notes to Interim Financial Statements  
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(Amounts expressed in US Dollars)  
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## 6. STOCK BASED COMPENSATION-Cont'd

Risk free rate	2.61%
Expected dividends	0%
Forfeiture rate	0%
Volatility	166.16%
Stock-based compensation cost expensed	\$13,326

On June 15, 2010, the board of directors granted options to a director to acquire 350,000 common shares, two directors to acquire 50,000 common shares each and to a consultant to acquire 35,000 common shares. All these 485,000 options were issued at an exercise price of \$0.20 per share and vest immediately with an expiry term of five years. The Company expensed stock based compensation cost of \$119,368. The fair value of each option used for the purpose of estimating the stock compensation is calculated

using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate	2.61%	
Expected dividends	0%	
Forfeiture rate	0%	
Volatility	164.99%	
Market price of Company's common stock on date of grant of options	\$0.26	
Stock-based compensation cost expensed		\$119,368

On September 30, 2010, the board of directors granted options to two directors to acquire 50,000 common shares each. All these 100,000 options were issued at an exercise price of \$0.20 per share and vest immediately with an expiry term of five years. The Company expensed stock based compensation cost of \$25,271. The fair value of each option used for the purpose of estimating the stock compensation is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate	2.61%	
Expected dividends	0%	
Forfeiture rate	0%	
Volatility	189.45%	
Market price of Company's common stock on date of grant of options	\$0.26	
Stock-based compensation cost expensed		\$25,271

On October 1, 2010, the Board cancelled 725,000 options issued to a director having an exercise price of \$0.25 per share and expiring on various dates ranging from October 29, 2011 to January 4, 2015 and issued warrants to acquire 397,000 common shares exercisable at \$0.20 per share with an expiry term of five years and 500,000 common shares in lieu thereof. All outstanding

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#### 6. STOCK BASED COMPENSATION-Cont'd

payables to the said director for services provided were adjusted against the said issuance of common shares. The Company expensed this additional non-cash stock based compensation expense relating to this modification for \$31,097. The fair value of each option used for the purpose of estimating the stock compensation is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate	3.25%	
Expected dividends	0%	
Forfeiture rate	0%	
Volatility	189.42%	
Stock-based compensation cost expensed		\$31,097

On October 1, 2010, the Board cancelled 400,000 options issued to a director having an exercise price of \$0.25 per share and expiring on various dates ranging from October 29, 2011 to June 30, 2014 and issued warrants to acquire 50,000 common shares exercisable at \$0.20 per share with an expiry term of five years and 50,000 common shares in lieu thereof. All outstanding payables to the said director for services provided were adjusted against the said issuance of common shares. The Company concluded that there was no additional non-cash stock based compensation expense relating to this modification. The fair value of each option used for the purpose of estimating the stock compensation is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate	3.25%	
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Expected dividends	0%	
Forfeiture rate	0%	
Volatility	189.42%	
Stock-based compensation cost expensed		\$Nil

On October 1, 2010, the Board cancelled 175,000 options issued to an officer having an exercise price of \$0.25 per share and expiring on June 30, 2014 and issued warrants to acquire 175,000 common shares exercisable at \$0.20 per share with an expiry term of five years. The Company expensed this additional non-cash stock based compensation expense relating to this modification for \$1,607. The fair value of each option used for the purpose of estimating the stock compensation is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate	3.25%	
Expected dividends	0%	
Forfeiture rate	0%	
Volatility	189.42%	
Stock-based compensation cost expensed		\$1,607

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SECURITY DEVICES INTERNATIONAL, INC.

(A Development Stage Enterprise)

Condensed Notes to Interim Financial Statements

February 28, 2011

(Amounts expressed in US Dollars)

(Unaudited-Prepared by Management)

6. STOCK BASED COMPENSATION-Cont'd

On October 1, 2010, the Board cancelled 300,000 options each for a total of 600,000 options issued to two consultants having an exercise price of \$0.25 per share and expiring on June 30, 2014 and issued warrants to each to acquire 300,000 common shares exercisable at \$0.20 per share for a total of 600,000 warrants with an expiry term of five years. The Company expensed this additional non-cash stock based compensation expense relating to this modification for \$5,508. The fair value of each option used for the purpose of estimating the stock compensation is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free rate	3.25%	
Expected dividends	0%	
Forfeiture rate	0%	
Volatility	189.42%	
Stock-based compensation cost expensed		\$5,508

As of November 30, 2010 there was \$Nil of unrecognized expense related to non-vested stock-based compensation arrangements granted.

Three months ended February 28, 2011

The Company did not issue any options during the three month period ended February 28, 2011.

7. STOCK PURCHASE WARRANTS

Year ended November 30, 2010

On October 1, 2010, the Board cancelled 725,000 options issued to a director having an exercise price of \$0.25 per share and expiring on various dates ranging from October 29, 2011 to January 4, 2015 and issued warrants to acquire 397,000 common shares exercisable at \$0.20 per share with an expiry term of five years and 500,000 common shares in lieu thereof.

On October 1, 2010, the Board cancelled 400,000 options issued to a director having an exercise price of \$0.25 per share and expiring on various dates ranging from October 29, 2011 to June 30, 2014 and issued warrants to acquire 50,000 common shares exercisable at \$0.20 per share with an expiry term of five years and 50,000 common shares in lieu thereof.

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7. STOCK PURCHASE WARRANTS-Cont'd

On October 1, 2010, the Board cancelled 175,000 options issued to an officer having an exercise price of \$0.25 per share and expiring on June 30, 2014 and issued warrants to acquire 175,000 common shares exercisable at \$0.20 per share with an expiry term of five years.

On October 1, 2010, the Board cancelled 300,000 options each for a total of 600,000 options issued to two consultants having an exercise price of \$0.25 per share and expiring on June 30, 2014 and issued warrants to each to acquire 300,000 common shares exercisable at \$0.20 per share for a total of 600,000 warrants with an expiry term of five years.

Three months ended February 28, 2011

The Company did not issue any stock purchase warrants during the three month period ended February 28, 2011.

8. RELATED PARTY TRANSACTIONS

The Company expensed a total of \$25,000 as Management fee for payment to its two directors for the three month period ended February 28, 2011.

The Company expensed \$3,500 for services provided by the CFO of the Company and \$24,000 for services provided by COO of the Company.

9. COMMITMENTS

a) Effective January 1, 2011, a director of the Company renewed consulting agreement with the Company on the following terms:

Name	Monthly Consulting Fees from January through December 2011	Expiration of Consulting Agreement
Boaz Dor	\$3,000	12-31-2011

9. COMMITMENTS-Cont'd

b) 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 (WEP40) and blunt impact (BIP40) technology. The Company will negotiate a royalty in the event of granting such rights to the contractor. The Company terminated their MOU with the contractor during the quarter ended February 28, 2011 and is in the midst of negotiating with the contractor for future services.

- c) The Company has commitments for leasing office premises in Oakville, Ontario, Canada to September 30, 2012 at a monthly rent (excluding proportionate realty and maintenance costs and taxes) of Canadian \$2,500 per month.
- d) The Company signed a consulting agreement with the COO of the Company for a period of six months commencing November 1, 2010. The officer will be paid \$8,000 plus applicable taxes.
- e) The Company signed an agreement with a company to develop an Instructor and Operator Training course for its line of less-than-lethal rounds at a total commitment of \$40,000. The Company has already paid \$30,000 during the quarter ended February 28, 2011.

#### 10. SUBSEQUENT EVENTS

Subsequent to the quarter the Company raised proceeds of \$100,000 by issue of convertible debentures which carry an interest rate of 10% per annum compounded annually. The term of the debenture is for a period of 12 months ending on March 23, 2012. The debenture is convertible at any time while it remains outstanding, as to both principal and interest, at the option of the debenture holder to convert into fully paid non-assessable common shares in the capital of the Company at Canadian \$0.20 per share (the "Conversion Price"). In addition to any payment made on account of Principal due on maturity or any prepayment of principal, the Company shall, as an additional capital payment, issue to the Debenture holders as fully paid and non-assessable shares that number of common shares in the capital of the Company ("the "Common Shares") as is equal to 20% of the Principal amount paid at such time to such Debenture holder divided by the then applicable Conversion Price or 20% x Principal Amount paid/Conversion Price.

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SECURITY DEVICES INTERNATIONAL, INC.  
(A Development Stage Enterprise)  
Condensed Notes to Interim Financial Statements  
February 28, 2011  
(Amounts expressed in US Dollars)  
(Unaudited-Prepared by Management)

#### 10. SUBSEQUENT EVENTS

The Company has signed a Memorandum of Understanding (MOU) with a large, global defense technology company. The MOU maps out the intentions of both groups to move forward in having SDI's 40mm Blunt Impact ammunition round manufactured at their facility. A further definitive business agreement will need to be executed further defining the parties' roles. The proposed arrangement will enable SDI to produce and market their next generation less-than-lethal ammunition products through this Company at their production facility in the United States. The MOU represents SDI's first step in entering the marketplace both internationally, and in North America.

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#### PART I

#### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATION

SDI is a less-than-lethal defense technology company, specializing in the development of innovative next generation solutions for security situations that do not require the use of lethal force, or ammunition. SDI is currently in the advanced stages of deploying their patent pending family of products. These products consist of; the Blunt Impact Projectile 40mm (BIP40), and the Wireless Electric Projectile 40mm (WEP40). The market sectors for these products include; the military, army, navy, air force, peacekeeping, homeland security, and law enforcement professionals. SDI's products were designed for use in existing 40mm launchers.

The BIP40 is a direct impact less-than-lethal ammunition round. Developed to respond to the increasing demand for security solutions in circumstances that

do not require lethal force to control. Patented technologies allow for operational effectiveness at distances of up to metricconverterProductID262 feet262 feet (80m), while still enhancing target safety if engaged from close range.

The BIP40 operates with smokeless powder as a propellant, ensuring consistent velocity and accuracy at long distances. The head of the round has a collapsible nose which absorbs the kinetic energy upon impact. The Company holds a global patent for the collapsible nose.

Designed to supersede previous blunt impact solutions such as foam, baton, sponge and rubber bullets, the BIP40's technology enables the projectile to engage the target with higher kinetic energy while meeting official, military standard requirements.

The WEP40 is an industry leading electric ammunition round that was developed to answer the growing need for an effective, extended range electric incapacitation solution for situations that do not require the use of lethal force to control. Incorporating SDI's patent-pending technologies allows for this ammunition round to deliver operational success at distances up to metricconverterProductID160 feet160 feet (50m).

The market sectors for these products include; the military, army, navy, air force, peacekeeping, homeland security, and law enforcement professionals. The WEP40 when deployed emits a Wireless Electro Neuro-Muscular Disruption Technology that incapacitates the targeted individual. The Company's products were designed for a standard 40mm ammunition casing, for use with standard issue weapons such as riot guns and M203 grenade launchers.

SDI has terminated its agreement with Elad Engineering of Israel, dated November 30, 2009 and is in the midst of negotiating a new arrangement for future services with this company.

Subsequent to February 28, 2011, the Company has signed a Memorandum of Understanding (MOU) with a large, global defense technology company. The MOU maps out the intentions of both groups to move forward in having SDI's 40mm Blunt Impact ammunition round manufactured at the facility of the global defense technology company. A further definitive business agreement will need to be executed further defining the parties' roles. The proposed arrangement will enable SDI to produce and market its next generation less-than-lethal ammunition

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products through this production facility in the United States. The MOU represents SDI's first step in entering the marketplace both internationally and in North America.

Commencing June 2010, new management was put in place to administer the day to day operations of SDI with an aim to build the company to a point that an effective partnership with a large defense technology company could be executed and to reduce the monthly expenses of the company and provide responsible fiscal oversight to the company.

Two new directors were appointed to the board of directors; Mr. Harry Walters, with an extensive history working with the United States Government and the Pentagon, brings excellent insight into the United States Military to further SDI's forward momentum with the United States Dept. of defense, and Mr. Patrick Bryan who brings an extensive background in business as well as Military service and managing a modern weapons company that dealt with United States Government agencies, both Military and civilian.

The Company appointed members of the board to serve on the audit committee to oversee financial statements once completed.

The Company appointed a Chief operating Officer to assist the President with the day to day operations of the company.

The Company contracted Level 4 Capital Corp. to assist with the financial strategy of SDI during this fiscal 2010 and to work with the Company with restructurings, contract negotiations, and operational issues.

The Company joined the Association of the United States Army and attended

their annual conference in October 2010 in Washington, D.C. At the conference, SDI was shown interest by two large defense technology companies, and is now in advanced stage discussions with them to form a proposed manufacturing arrangement with at least one of them.

The Company opened a US office in Washington DC to accommodate the large US military presence.

SDI was incorporated on March 1, 2005 and for the period from inception to February 28, 2011 has not generated any revenue.

During the three months ended February 28, 2011:

- o Research and product development expenses were substantially lower since the development of the Company's products was nearing completion.
- o General and administrative expenses declined during the current quarter as compared to the prior quarter as the Company did not issue any options or warrants during the quarter and did not record any stock based compensation expense. During the prior quarter the Company recorded stock based compensation expense of \$93,493.

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During the period from inception (March 1, 2005) through November 30, 2010 SDI's operations used \$9,746,307 in cash. During this period SDI:

- o purchased \$58,773 of equipment; and
- o raised \$9,876,650 (net) from the sale of shares of its common stock and exercise of options from its officers and directors.

SDI anticipates that its capital requirements for the twelve-month period ending February 28, 2012 will be:

Development and Production costs	\$120,000
General and Administrative Expenses	576,000
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Total	\$696,000
	=====

Other than the foregoing, SDI did not have any material future contractual obligations or off balance sheet arrangements as of February 28, 2011.

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.

See Note 10 to the financial statements included as part of this report for information concerning events which occurred subsequent to February 28, 2011.

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#### Item 4. 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 February 28, 2011, 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, SDI's 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 quarter ended February 28, 2011, that materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

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## PART II

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

### Item 6. Exhibits

#### Exhibits

- 31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Gregory Sullivan.
- 31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Rakesh Malhotra.
- 32 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Gregory Sullivan and Rakesh Malhotra.

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SECURITY DEVICES INTERNATIONAL, INC.

Date: April 13, 2011

By: /s/ Gregory Sullivan

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Gregory Sullivan, President  
and Principal Executive  
Officer

Date: April 13, 2011

By:

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Rakesh Malhotra, Principal  
Financial and Accounting  
Officer

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EXHIBIT 31

CERTIFICATIONS

I, Gregory Sullivan, certify that;

1. I have reviewed this quarterly report on Form 10-Q 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, not 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 made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

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

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

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

April 13, 2011

/s/ Gregory Sullivan

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Gregory Sullivan,  
Principal Executive Officer

## CERTIFICATIONS

I, Rakesh Malhotra, certify that;

1. I have reviewed this quarterly report on Form 10-Q 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, not 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 made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

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

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

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

April 13, 2011

/s/ Rakesh Malhotra

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Rakesh Malhotra,  
Principal Financial Officer

EXHIBIT 32

In connection with the quarterly report of Security Devices International, Inc., (the "Company") on Form 10-Q for the quarter ended February 28, 2011 as filed with the Securities and Exchange Commission (the "Report") Gregory Sullivan, the Principal Executive Officer of the Company and Rakesh Malhotra, the Principal Financial Officer of the Company, certify pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (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 operation of the company.

April 13, 2011

/s/ Gregory Sullivan

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Gregory Sullivan, Principal  
Executive Officer

April 13, 2011

/s/ Rakesh Malhotra

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Rakesh Malhotra, Principal  
Financial Officer