

SUSPECT DETECTION SYSTEMS INC.

150 West 56 Street
Suite 4005
New York, NY 10019
(212) 977-4126

www.sdss-corp.com

Issuers' Continuing Disclosure Obligations

Quarterly Report for the period ended March 31, 2014

1. Name of the Issuer and its Predecessors (if any)

The name of the company is Suspect Detection Systems Inc. (the "Company"). The Company was incorporated under the laws of the State of Delaware on October 5, 2006 under the name PCMT Corp. On March 31, 2009, the Company changed its name to Suspect Detection Systems Inc.

2. Address of the Issuer's Principal Executive Offices

Company Headquarters:

150 West 56 Street
Suite 4005
New York, NY 10019
Phone: 212-977-4126
Email: gil.boosidan@gmail.com
Website(s): www.suspectdetection.com

IR Contact : none

3. Security Information

Trading Symbol: SDSS
Exact title and class of securities outstanding: Common Stock
CUSIP: 869096107
Par or Stated Value: \$.0001
Total shares authorized: 250,000,000 as of: 3/31/2014
Total shares outstanding: 98,460,551 as of: 3/31/2014
Total free-trading shares: 57,965,644 as of March 31, 2014

Additional class of securities (if necessary): None.
Trading Symbol: N/A
Exact title and class of securities outstanding: N/A
CUSIP: N/A
Par or Stated Value: N/A
Total shares authorized: N/A
Total shares outstanding: N/A

Transfer Agent

Name: Island Stock Transfer
Address 1: 15500 Roosevelt Boulevard
Address 2: Suite 301
Address 3: Clearwater, FL 33760
Phone: 727-289-0010

Is the Transfer Agent registered under the Exchange Act? Yes: X ☐ No: ☐

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

4. Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities,

whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

Issuance History-Restricted Shares Issued for Cash during the past two years:

<u>Date</u>	<u>Shares Issued</u>	<u>Persons</u>	<u>Consideration</u>
During 2012	14,379,659**	8	\$273,015

* In addition to the 2,500,000 shares of common stock, the Issuer also issued 833,333 Class A Warrants, exercisable at \$.08, expiring in November 2011, and Class B Warrants, exercisable at \$.15, expiring in November 2012. None of the warrants were exercised.

** 9,150,000 shares were issued to 8 investors (all non-U.S. Persons) for consideration of \$0.01 per share and 5,229,659 shares were issued to Biomedix Incubator, Ltd. as part of a share exchange agreement. The shares were issued to persons who are not "U.S. Persons" as that term is defined under the Act in reliance upon the exemption in Regulation S. In addition, the Issuer believes that the issuances and sale of the restricted shares were exempt from registration pursuant to Section 4(2) of the Act as privately negotiated, isolated, non-recurring transactions not involving any public solicitation. Appropriate restrictive legends are affixed to the stock certificates issued in such transactions. All recipients of restricted shares either received adequate information about the Company or had access, through employment, relation and/or business relationships with the Issuer to such information.

Issuance History-Restricted Shares Issued for Services during the past two years:

<u>Date</u>	<u>Shares Issued</u>	<u>Persons</u>	<u>Consideration</u>
03/01/2012	100,000	Alex Traiman	For Marcum services valued at \$3,000
06/02/2012	250,000	Amos Avivi	For Business Development services valued at \$9,450
06/12/2012	50,000	Yoel Yogeve	For IT Consulting services valued at \$1,495
06/12/2012	800,000	David Ashad	For IR services provided valued at \$7,500
07/17/2012	450,000	Park Avenue Group	For Professional legal services valued at \$14,850
08/13/2012	2,000,000	Direct Global Media	For Advertizing services valued at \$36,000
11/05/2012	250,000	Tan Yan Hong	For Far East IR services valued at \$8,500
11/05/2012	250,000	Stephen Guttman	For IR services valued at \$8,500
11/28/2012	500,000	Ten-West Holdings	For IR services valued at \$17,450

The Issuer believes that the issuances and sale of the restricted shares were exempt from registration pursuant to Section 4(2) of the Act as privately negotiated, isolated, non-recurring transactions not involving any public solicitation. Appropriate restrictive legends are affixed to the stock certificates issued in such transactions. All recipients of restricted shares either received adequate information about the Company or had access, through employment, relation and/or business relationships with the Company to such information.

Please find attached the report from Island Stock Transfer dated May 30, 2013 containing every issuance of shares of common stock.

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.):

Reg S Offering

B. Any jurisdictions where the offering was registered or qualified:

N/A

C. The number of shares offered:

9,150,000 offered as part of one offering pursuant to services and subscription agreements and 5,229,659 issued pursuant to a share exchange agreement all under Reg S.

D. The number of shares sold:

9,150,000 shares

E. The price at which the shares were offered, and the amount actually paid to the issuer:

\$0.01 all of which was paid.

F. The trading status of the shares:

Restricted

G. *Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.*

With Legend

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

H. *The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.):*

None.

I. *Any jurisdictions where the offering was registered or qualified:*

N/A

J. *The number of shares offered:*

None.

K. *The number of shares sold:*

None.

L. *The price at which the shares were offered, and the amount actually paid to the issuer:*

N/A

M. *The trading status of the shares:*

N/A

N. *Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.*

N/A

5. Financial Statements

1. Consolidated Balance Sheet as of March 31, 2014 and December 31, 2013 (unaudited)
2. Consolidated Statements of Operations for the three months ended March 31, 2014 and 2013 (unaudited)
3. Consolidated Statements of Cash Flows for the three months ended March 31, 2014 and 2013 (unaudited)
4. Notes to Unaudited Financial Statements

SUSPECT DETECTION SYSTEMS INC.

CONSOLIDATED BALANCE SHEETS

U.S. dollars

<u>ASSETS</u>	March 31, 2014 <u>Unaudited</u>	December 31, 2013 <u>Unaudited</u>
Current Assets:		
Cash and cash equivalents	\$ 217,639	\$ 202,984
Inventory	52,161	52,161
Prepaid expenses and other receivables	31,313	34,926
Total current assets	<u>301,113</u>	<u>290,071</u>
Property and Equipment:		
Computer and other equipment	79,691	79,691
Less - Accumulated depreciation	<u>(65,643)</u>	<u>(62,318)</u>
Property and equipment, net	<u>14,047</u>	<u>17,373</u>
Other Assets:		
Severance pay fund	-	35,495
Total other assets	<u>-</u>	<u>35,495</u>
Total Assets	<u>\$ 315,160</u>	<u>\$ 342,938</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable - Trade	\$ -	\$ -
Accrued liabilities	3,188	4,317
Advances from customers	-	106,200
Deferred revenues	63,976	12,975
Due to related parties	<u>1,871,525</u>	<u>1,754,102</u>
Total current liabilities	<u>1,938,690</u>	<u>1,877,593</u>
Long-term Debt:		
Convertible note	579,428	566,575
Accrued severance pay	<u>-</u>	<u>35,495</u>
Total current liabilities	<u>579,428</u>	<u>602,069</u>
Total liabilities	<u>2,518,118</u>	<u>2,479,663</u>
Stockholders' Equity:		
Common stock, par value \$0.0001 per share, 250,000,000 shares authorized; 76,555,893 and 71,822,893 shares issued and outstanding in 2010 and 2009, respectively	9,846	9,846
Additional paid-in capital	6,243,856	6,243,856
Common stock subscribed	-	-
Accumulated (deficit)	<u>(8,375,507)</u>	<u>(8,309,220)</u>
Total stockholders' equity	<u>(2,121,805)</u>	<u>(2,055,519)</u>
Less - Noncontrolling interest	<u>(81,152)</u>	<u>(81,206)</u>
Total stockholders' equity, Net	<u>(2,202,957)</u>	<u>(2,136,725)</u>
Total Liabilities and Stockholders' Equity	<u>\$ 315,160</u>	<u>\$ 342,938</u>

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

SUSPECT DETECTION SYSTEMS INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

U.S. dollars

	Period ended Mar 31,	
	2014	2013
Revenues, net	\$ 171,086	\$ 17,003
Cost of Goods Sold	<u>4,719</u>	<u>(713)</u>
Gross Profit	<u>166,368</u>	<u>17,716</u>
Expenses:		
Research and development	51,410	45,934
Selling, general and administrative	<u>159,054</u>	<u>185,914</u>
Total operating expenses	<u>210,464</u>	<u>231,848</u>
(Loss) from Operations	<u>(44,096)</u>	<u>(214,132)</u>
Other Income (Expense):		
Interest income (expense)	(20,256)	(17,736)
Other finance (expense)	<u>(1,934)</u>	<u>(62,592)</u>
Total other income (expense)	<u>(22,190)</u>	<u>(80,328)</u>
Provision for Income Taxes	<u>-</u>	<u>-</u>
Net (loss)	(66,286)	(294,460)
Net (loss) Attributable to Noncontrolling Interest	<u>1,427</u>	<u>(48,087)</u>
Net (loss) attributable to Suspect Detection Systems Inc.	<u><u>\$ (67,714)</u></u>	<u><u>\$ (246,373)</u></u>
(Loss) Per Common Share:		
(Loss) per common share - Basic and Diluted	<u><u>\$ (0.00)</u></u>	<u><u>\$ (0.03)</u></u>
Weighted Average Number of Common Shares		
Outstanding - Basic and Diluted	<u>98,460,551</u>	<u>92,983,998</u>

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

SUSPECT DETECTION SYSTEMS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

U.S. dollars

	Three months ended ended March 31,	
	2014	2013
Operating Activities:		
Net (loss)	\$ (66,286)	\$ (294,460)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:		
Common stock issued for officers' compensation	-	-
Options issued to director	-	31,816
Options issued to agents	-	-
Warrants issued to a consultant	-	-
Loss on trading securities	-	50,021
Impairment of Goodwill	-	-
Common stock issued for consulting services	-	-
Interest due to the issuance of convertible note	12,854	12,881
Depreciation	3,325	3,463
Changes in Assets and Liabilities-		
Inventory	-	(1,862)
Prepaid expenses and other receivables	3,613	(22,722)
Investments in trading securities	-	40,872
Severance pay fund	-	-
Accounts payable - Trade	-	(2,881)
Accrued liabilities	(1,129)	15,464
Advances from customers, net	(106,200)	27,575
Deferred revenues	51,001	(7,613)
Due to related parties	117,477	146,688
Accrued severance pay	-	-
Net Cash (Used in) Operating Activities	14,655	(758)
Investing Activities:		
Purchases of Property and Equipment	-	(7,696)
Net Cash Provided by (Used in) Investing Activities	-	(7,696)
Financing Activities:		
Issuance of convertible note	-	-
Net Cash Provided by Financing Activities	-	-
Net Increase (Decrease) in Cash	14,655	(8,454)
Cash and Cash Equivalents - Beginning of Period	202,984	195,338
Cash and Cash Equivalents - End of Period	\$ 217,639	\$ 186,884
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

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

Suspect Detection Systems Inc.
Notes to Unaudited Financial Statements
March 31, 2014

Note 1. General

Suspect Detection Systems Inc. (“SDS Inc.” or the “Company”) is a Delaware corporation that conducts its operations through its 68.6 percent owned subsidiary, Suspect Detection Systems Ltd., an Israeli Corporation (“SDS - Israel”). The Company was incorporated under the laws of the State of Delaware on October 5, 2006, as PCMT Corporation. On December 24, 2008, the Company’s stockholders resolved to change its name from PCMT Corporation to Suspect Detection Systems Inc. On January 27, 2009, the Company filed an amendment to its Certificate of Incorporation with the Secretary of State of Delaware to reflect this change. The Company was in the development stage during the year ended December 31, 2008. The revised business plan of the Company is the application of proprietary technologies for law enforcement and border control, including counter terrorism efforts, immigration control and drug enforcement, as well as human resource management, asset management and the transportation sector. The accompanying consolidated financial statements were prepared from the accounts of the Company and its subsidiary under the accrual basis of accounting.

The Israeli subsidiary, Suspect Detection Systems Ltd, (“SDS – Israel”) was incorporated under the Companies Law, 5759-1999, of the State of Israel in 2004. SDS – Israel specializes in the development and application of proprietary technologies for law enforcement and border control, including counter terrorism efforts, immigration control and drug enforcement, as well as human resource management, asset management and the transportation sector. SDS – Israel completed the development of its “Cognito” line of products in 2007, which are based on proprietary software and use commercially available hardware to identify individuals that pose security threats, whether or not they are carrying a weapon on their person or in their belongings. Cognito systems are comprised of a front-end test station and a back office, where multiple-station and multiple-site data is stored, managed, and distributed. The front-end test station serves as the point of contact with the individual being examined. The back-office is designed to manage and control the test stations at a given site and it stores all test histories and traveler profiles and interfaces with external systems and databases. A provisional patent application has been issued for the Cognito line of products in the United States. SDS – Israel is also engaged in the development of behavior based screening technologies for the checkpoint screening market.

On January 20, 2009, SDS Inc. completed a business combination for the purchase of 51 percent of the issued and outstanding shares of SDS – Israel for consideration of \$1,100,000. The Company incurred an additional \$35,000 in acquisition costs related to legal and accounting fees. The business combination was accounted for by the purchase method and accordingly, the purchase price has been allocated to the estimated fair values of the respective assets acquired and liabilities assumed of SDS – Israel, with the remaining representing goodwill in the amount of \$1,333,214. The results of operations of SDS – Israel have been included in the consolidated financial statements of the Company commencing January 20, 2009.

In July 9, 2009, SDS Inc. entered into an Exchange Agreement (the “Exchange Agreement”) with the Northern Group LP (“NG”), pursuant to which NG exchanged 170,295 ordinary shares of SDS – Israel for 3,199,891 of SDS Inc.’s common stock. The 170,295 shares of SDS- Israel represented 7 percent of the outstanding shares of SDS-Israel and increased SDS Inc.’s ownership interest in SDS- Israel to 58 percent. The acquisition of the additional equity interest was accounted for by the equity method. The increased percentage of ownership of SDS – Israel, amounting to 58 percent, has been applied to the operations of this subsidiary from July 9, 2009.

On June 16, 2011, SDS Inc. entered into a share purchase agreement with Isahyau (Sigi) Horowitz (“the Seller”), pursuant to which the Company will purchase from the Seller 250,000 ordinary shares of SDS Israel (which represents 10.6% of the outstanding shares of common stock of SDS Israel) in consideration of \$75,000.

On June 27, 2011 the Company entered into a Share Purchase Agreement with ShabtaiShoval (“Shoval”), a shareholder of SDS, Ltd. and its chief executive officer. Pursuant to the Agreement, Shoval will sell and transfer, under certain conditions as described herewith, to the Company all shares of SDS Israel held by him on the date of the Agreement, namely, NIS 0.01 par value 750,000 ordinary shares, which constitute 31.4% of SDS Israel outstanding shares as of the date of the agreement. In consideration for the shares, the Company will pay Shoval \$1,174,500 (“Purchase Price”) which shall be paid in 35 installments. Shares shall only be transferred to the Company upon (1) the payment of fifty percent (50%) of the Purchase Price plus any and all accrued and outstanding interest as of the date of payment and/or (2) the passing of five (5) years from the date of closing provided that prior to such time, payment of no less than \$225,000 on the account of the purchase price shall have been made to Shoval, plus any and all accrued and outstanding interest. The Company may defer the payment of all or a portion of any of the installments (except for the first installment, which was payable on the day of the closing) if and to the extent: (i) prior to the payment of \$225,000 on the account of the aggregate purchase price to Shoval (the “Initial Threshold Amount”) the obtainable cash (cash or cash equivalents less any amounts of signed checks or any other instruments that were issued or wire transfer instructions which were executed as of the payment date of the relevant Installment) is less than the Initial Threshold Amount; or (ii) following payment of the Initial Threshold Amount, if the obtainable cash as of the payment date of the relevant Installment is less than \$500,000 as of the relevant payment date. The Company records payments as a Minority Interest balance sheet item until such payments reach the Initial Threshold Amount, at

which time the Company will have title of the percentage of shares that would have been paid for. This agreement was terminated on July 4, 2012 by both parties.

On July 4, 2012 The Company signed a Settlement for past debts, owed to Eran Drukman, mainly due to sales bonus and new future bonus arrangement.

Note 2. Summary of Significant Accounting Policies

Unaudited Interim Financial Information

The accompanying consolidated balance sheet as of March 31, 2014 and December 31, 2013, consolidated statements of operations and cash flows for the three months ended March 31, 2014 and 2013 are unaudited. These unaudited interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information. In the opinion of management, the unaudited interim consolidated financial statements include all adjustments of a normal recurring nature necessary for a fair presentation of our consolidated financial position as of March 31, 2014, our consolidated results of operations for the three months ended March 31, 2014 and 2013 and cash flows for the three and three months ended March 31, 2014 and 2013.

These consolidated financial statements should be read in conjunction with consolidated financial statements and accompanying notes for the year ended December 31, 2013 included in our Annual Report for the year ended December 31, 2013 on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on March 31, 2014.

Results for the three months ended March 31, 2014 are not necessarily indicative of results that may be expected for the year ending December 31, 2014.

Unless otherwise noted, all references to "dollars" or "\$" are to United States dollars.

Use of Estimates

The accompanying consolidated financial statements are prepared on the basis of accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of consolidated assets, liabilities and equity as of March 31, 2014, and consolidated revenues and expenses for the three and three months ended March 31, 2014 and 2013. Actual results could differ from those estimates made by management.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its 68.6 percent owned Israeli subsidiary, SDS-Israel. Inter-company transactions and balances, have been eliminated in consolidation.

Note 3. Going Concern

The Company's current activities include sales of its products, marketing, capital formation, research and development, and building infrastructure. The Company has incurred a net loss of \$66,286 and \$294,460 for the three months ended March 31, 2014, and 2013 respectively, and as of March 31, 2014 the Company had an accumulated deficit of \$8,375,507. The Company's ability to continue as a going concern is uncertain. The revised business plan of the Company is the application of proprietary technologies for law enforcement and border control, including counter terrorism efforts, immigration control and drug enforcement, as well as human resource management, asset management and the transportation sector.

While management of the Company believes that the Company will be successful in its current and planned operating activities, there can be no assurance that the Company will be successful in the achievement of sales of its products that will generate sufficient revenues to earn a profit and sustain the operations of the Company. The Company also intends to conduct additional capital formation activities through the issuance of its common stock and loans from related parties.

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has not established sufficient sources of revenues to cover its operating costs and expenses. As such, it has incurred significant operating losses since inception. Further, as of March 31, 2014, the cash resources of the Company were insufficient to meet its planned business objectives. These and other factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the

recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

Note 4. Related Parties

On June 29, 2011 SDS Inc. approved an Amended Consulting Agreement with Mr. Yoav Krill, the Company's Chairman of the Board. In consideration of the services to be performed under the Amended Consulting Agreement, Mr. Krill shall receive an annual director's fee of \$25,000 for the first twelve-month period. Thereafter, the parties shall agree in writing prior to November 30th of each calendar year as to the amount to be paid as director's fees, which amount shall not be less than \$25,000 and shall be increased, proportionately, with any increase in the Company's paid-in capital, sales revenues or net profits. In addition, under the Amended Consulting Agreement, Mr. Krill was granted 2,400,000 shares of common stock of the Company valued at \$240,000 and 10,500,000 stock options valued at \$978,936.

The Options vests as follows: 4,666,660 shares were vested upon execution of the Amended Agreement and the balance of 5,833,340 shares shall vest in equal monthly amounts of 291,667 shares during each and every calendar month during the twenty month period commencing on July 1, 2011. The price of the Company's share at date of grant of shares and options was \$0.1, the exercise price of the options \$0.1 and the its expiration date 10 years from grant.

On June 29, 2011 SDS Inc. approved an Amended Employment Agreement with Mr. Gil Boosidan will serve as the Company's Chief Executive Officer. In consideration of the services to be performed under the Amended Employment Agreement, Mr. Boosidan shall receive (i) an aggregate of \$30,000 in cash in four equal quarterly installments commencing September 30, 2011, and (ii) 1,200,000 shares of common stock of the Company valued at \$120,000 and 6,000,000 stock options valued at \$559,392.

The Options vests as follows: 2,666,680 shares vested upon the execution of his Amended Employment Agreement and the balance of 3,333,320 shares shall vest in equal monthly amounts of 166,667 shares during each and every calendar month during the twenty month period commencing on July 1, 2011. The price of the Company's share at date of grant of shares and options was \$0.1, the exercise price of the options \$0.1 and its expiration date 10 years from grant.

On June 1, 2011 SDS Inc signed a consulting agreement with Mr. Daniel Krill, the son of Mr. Yoav Krill, chairman of the board of director. In consideration for services Mr. Daniel Krill was granted 400,000 shares valued at \$32,000 and 200,000 stock options valued at \$15,032. 5,555 options shall vest each calendar month commencing the date of the execution of the consulting Agreement. The price of the Company's share at date of grant of shares and options was \$0.08, the exercise price of the options \$0.1 and its expiration date 10 years from grant.

On June 27, 2011 the Company entered into a Share Purchase Agreement with Shabtai Shoval ("Shoval"), a shareholder of SDS, Ltd. and its chief executive officer. Pursuant to the Agreement, Shoval will sell and transfer, under certain conditions as described herewith, to the Company all shares of SDS Israel held by him on the date of the Agreement, namely, NIS 0.01 par value 750,000 ordinary shares, which constitute 31.4% of SDS Israel outstanding shares as of the date of the agreement. For further details see note 1.

Note 5. Convertible Note

On March 21, 2011, the Company issued a convertible note (the "Note") to Investor (the "Lender") whereby the Lender made a loan to the Company in an amount equal to \$300,000 and accruing interest at a rate of 10% per annum. Similar notes were issued on May 12, 2011 and August 3, 2011 for an amount equal to \$100,000 and \$35,000, respectively, (together the loans are referred to as the "loan"). The Loan and the accrued interest will be repayable in one installment on the date that is eighteen months after the date the Loan is made; provided that such date may be extended at the Company's request by another nine months. The Lender shall have the right, at any time, to convert the principal and interest outstanding under the Note into common share issued by the Company at a conversion rate of \$0.07 per a common share. In addition, the Lender is entitled to (i) 500 Class C warrants to purchase an additional 500 Common Shares for each 1000 Common Shares converted at exercise price of \$0.12 per Common Share and (ii) 500 Class D warrants to purchase an additional 500 Common Shares for each 1000 Common Shares converted at exercise price of \$0.21 per Common Share. The Class C Warrants shall be exercisable at any time from the conversion date to and excluding the first anniversary thereof and the Class D Warrants shall be exercisable at any time from the conversion date to and excluding the third anniversary thereof. There will be no restrictions on shares being registered upon exercise of the loan and the warrants will be registered under the Securities Act, or any state securities laws, and may be offered or sold in the United States upon registration or an applicable exemption from the registration requirements of the Securities Act.

FSP APB 14-1 requires issuers of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) to initially record the liability and equity components of the convertible debt separately. The liability component is computed based on the fair value of a similar liability that does not include the conversion option. The equity component is computed

based on the total debt proceeds less the fair value of the liability component. The equity component (debt discount) and debt issuance costs are amortized as interest expense over the expected term of the debt facility. The liability component of our convertible notes is classified as long-term debt and presented as a long-term debt and the equity component of our convertible debt will be considered a redeemable security and presented as redeemable equity on our consolidated balance sheet if our stock price is above the conversion prices of \$0.07 at the grant date. We concluded that the liability value is equal to similar liability that does not include a conversion option and therefore the equity component is zero.

We did not calculate a beneficial conversion feature, in determining whether an instrument contains a beneficial conversion option, intrinsic value should be calculated using the effective conversion price, which is based on the proceeds received for the convertible instrument. The Company's shares market price at grant date of the notes was below the conversion price, therefore there was no beneficial conversion feature on the loans.

Note 7. Major Customers

The Company's revenues from 2 customers accounted for \$165,933 or 97% of total revenues for the three months ended March 31, 2014 and 1 customers accounted for \$17,003 or 100% of total revenues in the three months ended March 31, 2013.

Three months ended March 31, 2014		
	Revenues	% of total revenues
Customer A	\$135,447	79%
Customer B	\$30,486	18%
Other customers	\$5,153	3%
Total Revenues	\$171,086	100%

Three months ended March 31, 2013		
	Revenues	% of total revenues
Customer A	\$17,003	100%
Customer B	-	-
Customer C	-	-
Other customers	-	-
Total Revenues	\$17,003	100%

6. Describe the Issuer's Business, Products and Services

A. Description of the Issuer's Business Operations.

The Company, through its 68.6% subsidiary SDS, specializes in the development and application of proprietary technologies for law enforcement and border control, including counter terrorism efforts, immigration control and drug enforcement, as well as human resource management, asset management and the transportation sector. SDS completed the development of its "Cogito" line of products in 2007, which are based on proprietary software and use commercially available hardware to identify individuals that pose security threats, whether or not they are carrying a weapon on their person or in their belongings. Cogito systems are comprised of a front-end test station and a back office, where multiple-station and multiple-site data is stored, managed and distributed. The front-end test station serves as the point of contact with the individual being examined. The back-office is designed to manage and control the test stations at a given site and it stores all test histories and traveler profiles and interfaces with external systems and databases. A provisional patent application has been issued for the Cogito line of products in the United States. SDS is also engaged in the development of behavior based screening technologies for the checkpoint screening market.

B. Date and State (or Jurisdiction) of Incorporation.

State of Delaware on October 5, 2006

C. Issuer's Primary and Secondary SIC Codes.

3669

D. Issuer's Fiscal Year end Date.

12/31

E. Principal Products or Services and their Principal Markets.

SDS markets its products to local and national law enforcement and homeland security authorities in Israel, the US, Mexico, Europe and Asia, as well as operators of critical infrastructure in the private sector such as oil and gas companies, the diamond industry and financial enterprises. SDS has executed agreements with several companies and individuals all in the framework of its ordinary course of business, providing for assistance in the marketing of its products and endorsements.

7. Describe the Issuer's Facilities.

The issuer's current assets consist primarily of cash, accounts receivable and inventory. In addition, the issuer has computer and other equipment as well as goodwill. Reference is made to the issuer's financial statements that are attached in Item 5 above. The issuer's office facilities are located at: 150 West 56th Street, New York, NY and Havradim 7, Savion, Israel. The office space in New York is provided to the issuer without any charge. The office in Israel is leased for \$285 per month (payment in NIS). We believe that this space is adequate for our current and immediately foreseeable operating needs.

8. Officers, Directors, and Control Persons.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Names of Officers, Directors, and Control Persons.

In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

Yoav Krill, 72, Chairman

Gil Boosidan, 41, Chief Executive Officer and Director

The following table lists, as of March 31, 2014, the number of shares of common stock beneficially owned by (i) each person or entity known to our Company to be the beneficial owner of more than 5% of the outstanding common stock; (ii) each officer and director of our Company; and (iii) all officers and directors as a group.

Yoav Krill, Chairman	1,999,733	2.03%
Gil Boosidan, CEO and Director	1,999,733	2.03%
Biomedix Incubator, Ltd., Shareholder	5,229,659	5.31%

B. Legal/Disciplinary History.

Please identify whether any of the foregoing persons have, in the last five years, been the subject of: ***None***.

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses): ***None***.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities: ***None***.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated: ***None***.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities: ***None***.

C. Beneficial Shareholders.

Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders. ***None***

9. Third Party Providers.

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel

Name: Thomas J. Craft, Jr., PL
Firm: Law Office of Thomas J. Craft, Jr.
Address 1: 5420 North Ocean Blvd.
Address 2: Suite 2102
Phone: 561-317-7036
Email: tom@edgetoday.com

Accountant or Auditor

Name: Oded Gilboa
Firm: Gilboa CPA
Address 1: 10 Hayetsira St.
Address 2: Raanana ISRAEL
Phone: +972-9-8324844
Email: odedgilboa@outlook.com

Investor Relations Consultant

Name: ***None***

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.
Name: ***None***

10. Issuer Certification

I, Gil Boosidan certify that:

1. I have reviewed this amended quarterly report disclosure statement of Suspect Detection Systems, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 15, 2014

/s/ Gil Boosidan, CEO and CFO