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

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended June 30, 2009

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

For the Transition Period From _____ to _____.

Commission File Number: 0-30810

ELECTRONIC CONTROL SECURITY INC.
(Exact name of registrant as specified in its charter)

New Jersey
(State or Other Jurisdiction of
Incorporation or Organization)

22-2138196
(I.R.S. Employer Identification No.)

790 Bloomfield Avenue, Clifton, New Jersey
(Address of Principal Executive Offices)

07012
(Zip Code)

Registrant's telephone number, including area code: (973) 574-8555

Securities registered under Section 12(b) of the Exchange Act: None
Securities registered under Section 12(g) of the Exchange Act:
\$0.001 Par Value Common Stock
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained in this 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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

As of September 22, 2009, there were 10,149,259 outstanding shares of the issuer's Common Stock. The aggregate market value of the shares of the issuer's Common Stock held by non-affiliates was \$1,252,000 on June 30, 2008. Such market value was calculated using the closing price of such Common Stock as of such date as quoted on the OTC Bulletin Board.

DOCUMENTS INCORPORATED BY REFERENCE

Information required by Part III, Items 10, 11, 12, 13 and 14, is incorporated by reference to portions of the registrant's definitive proxy statement for its 2009 annual meeting of stockholders, which will be filed on or before October 28, 2009.

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FORWARD LOOKING STATEMENTS

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND RELATED NOTES CONTAINED ELSEWHERE IN THIS FORM 10-K. CERTAIN STATEMENTS MADE IN THIS DISCUSSION ARE "FORWARD LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. FORWARD LOOKING STATEMENTS CAN BE IDENTIFIED BY TERMINOLOGY SUCH AS "MAY", "WILL", "SHOULD", "EXPECTS", "INTENDS", "ANTICIPATES", "BELIEVES", "ESTIMATES", "PREDICTS", OR "CONTINUE" OR THE NEGATIVE OF THESE TERMS OR OTHER COMPARABLE TERMINOLOGY AND INCLUDE, WITHOUT LIMITATION, STATEMENTS BELOW REGARDING: THE COMPANY'S INTENDED BUSINESS PLANS; EXPECTATIONS FOR CONTINUING IN BUSINESS; EXPECTATIONS AS TO PRODUCT PERFORMANCE; EXPECTATIONS AS TO MARKET ACCEPTANCE OF THE COMPANY'S TECHNOLOGY; AND BELIEF IN THE SUFFICIENCY OF CASH RESERVES. BECAUSE FORWARD LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES, THERE ARE IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED BY THESE FORWARD LOOKING STATEMENTS. ALTHOUGH THE COMPANY BELIEVES THAT EXPECTATIONS REFLECTED IN THE FORWARD LOOKING STATEMENTS ARE REASONABLE, IT CANNOT GUARANTEE FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS. MOREOVER, NEITHER THE COMPANY NOR ANY OTHER PERSON ASSUMES RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THESE FORWARD LOOKING STATEMENTS. THE COMPANY IS UNDER NO DUTY TO UPDATE ANY FORWARD LOOKING STATEMENTS AFTER THE DATE OF THIS REPORT TO CONFORM SUCH STATEMENTS TO ACTUAL RESULTS.

PART I

Item 1. Business

Overview

Electronic Control Security Inc. ("ECSI" or the "Company" or "we" or "us") designs, develops, manufactures and markets technology-based integrated security systems. We also provide consulting services consisting of risk assessment and vulnerability studies to ascertain a customer's security requirements in developing a comprehensive risk management and mitigation program, as well as product design and engineering services, and support systems integrators and dealers/installers providing the same services. We market our products domestically and internationally to:

- national and local government entities including the Department of Defense (DoD) and Department of Energy (DoE);
- large chemical and petrochemical facilities and major office complexes;
- energy facilities, including nuclear power stations, power utilities and pipelines; and
- commercial transportation centers, such as airports and seaports;
- border security and border crossing inspection stations; and
- water and agricultural resources including reservoirs, dams, fish hatcheries and rivers.

We believe we are one of a few comprehensive security solution providers in the industry. We analyze security risks and develop security solutions specifically tailored to mitigate those risks, including designing, engineering and manufacturing individual components of a system as may be necessary to deliver a fully integrated security system that meets the facility requirements. We are frequently engaged by security system integrators, security system dealers/installers, and commercial architects and engineers because we are able to deliver an integrated platform for a fully integrated security solution to support our customers' requirements for the completion of a given project.

We believe we have developed an excellent reputation as a provider of integrated security systems since our inception in 1976 because we:

- offer a complete range of solutions-driven responses to accommodate our customers' needs,
- offer technologically superior products,
- are able to design, engineer and manufacture systems customized to our customers' specific requirements,
- deliver systems that are easy to operate and maintain while providing superior life cycle cost performance compared to systems offered by our competitors,
- have established solid credentials in protecting high value targets, and offer our customers what we believe may be the best warranty in the industry.
- are ISO 9001:2000 registered and will seek to maintain our ISO status

Security Industry Overview

The Security Institute of America estimates that the worldwide market for security products and services in 2010 will exceed \$7.5 billion. The industry encompasses a wide ranging, highly fragmented group of products and service providers which includes entities that market comprehensive security systems and offer security consulting services, dealers/installers, small single product companies, equipment manufacturers, consultants and systems integrators.

We believe the security industry has experienced significant growth over the last decade, both in the total dollar amounts generated from sales and the number of entrants offering security related products, and continues to grow rapidly because:

- western nations have been the target of high profile terrorist attacks over the last several years that have squarely focused attention on security issues and threat mitigation;
 - perimeter security for airports, maritime, chemical, transportation, energy and pharmaceutical facilities has been mandated by Homeland Security;
 - newer, more effective and efficient security equipment incorporating advancements in security technology is replacing obsolete equipment;
 - advanced electronic communications systems have created a growing need for information technology security to prevent the misuse of proprietary information and other intellectual property; and
 - private industry is operating in more remote geographic locations and higher risk environments.
-

Products, Systems and Technologies

The services and technologies required to create a secure environment must address the entire range of security concerns that challenge government and commercial institutions, including the protection of:

- life;
- tangible assets, such as buildings, vessels and personal possessions;
- intangible assets, such as intellectual property, sensitive research and other confidential information; and
- electronic data and information technology.

Integrated security systems are comprised of one or more subsystems and components that perform a variety of security functions for a facility or group of facilities under the direction of a single command center and communication network. We offer both integrated, turnkey security solutions that incorporate many of our systems, and stand alone systems that comprise an individual technology.

The integrated security systems and/or stand alone products we market include:

- Computer Based Command, Control and Communications Networks. The command network consists of a central processor, a common database and software that links various subsystems and components, allowing them to communicate with each other, and integrates the subsystems and components into a single system.
- Intrusion Detection Systems. Fixed location and rapid deployable infrared and fiber optic perimeter intrusion detection systems that detect an intruder passing through the sensors.
- Video Motion Detection and Assessment Systems. As an adjunct to our perimeter intrusion detection systems, we offer video surveillance equipment using closed circuit television cameras, digital processing and fiber optic links to monitor and assess the nature of an announced threat at the control center.
- Electronic Surveillance System. This system creates a detection and verification band outside and parallel to a secured perimeter and is geared toward high-level security demands such as border control, military bases, airports, power stations, oil and gas storage facilities, nuclear power plants, industrial sites, and prisons.
- Entry Portal Control (EPC) Integrated Solutions for vehicles and personnel including bollards, lift gates, road blockers, tire shredders, traffic control lighting, signage and those elements for access control to government and commercial sites.
- Environmental Monitoring Systems. Our WISE® system (Water Infrastructure Security Environment), formerly Sentinel™, remotely monitors drinking water quality throughout the water distribution system to detect and instantly report the evidence of chemical, biological, or radiological contamination.
- Computer Intrusion Detection Equipment. An information technology security system designed to protect computer local area networks (LANs) from illegal access via the Internet or by persons seeking to breach the LANs hard wiring.

In order to provide clients with the highest quality and most advanced systems, we incorporate technologies and products developed and manufactured by us or that have been licensed from other entities. Frequently, we enter into technology transfer agreements covering the technologies or products to be used so that we can design and execute the best possible security solutions for a client within the confines of their security budget. Products incorporate state-of-the-art components that are configured into flexible systems tailored specifically to meet the needs of risk mitigation in high threat environments.

We believe that the products we offer are qualitatively comparable to or more effective than those offered by our competitors because our products:

- provide low nuisance and false alarm rates;
- are reliable in virtually any environmental condition;
- in many cases can be user specified and adapted to their environment; and
- are subject to low installation and maintenance costs.

We believe that we have built a solid reputation as a provider of leading-edge, high technology security solutions and services. Our view is shared and supported by the many international government sectors and commercial clients that engage our services and products on a continuing basis.

Consulting Support Services

The consulting support services we provide our dealer/installers and system integrators are an integral part of the security solution. Effective and efficient use of technology can be achieved only if properly utilized. Toward that end, we:

- assist our customers, if requested, in conducting risk assessment and vulnerability/criticality studies to ascertain their security requirements and develop a comprehensive risk management and mitigation program; and
- provide security system design support services.

Our support services generally represent the first steps in assisting the dealer/installer or systems integrator to develop a security solution. The risk assessment, threat, vulnerability and criticality analyses the system integrator utilizes allow us to help develop effective responses and programs necessary to address and mitigate the range of threats, and to implement the appropriate solutions.

Our customers benefit from an integrated, interactive process to determine levels of risk. The systems integrator consults with our design staff to determine systems configurations and human operation requirements that will provide the most cost-effective options for mitigating risk. Our security engineers are technically accomplished and fully familiar with the latest trends in planning, programming, and designing systems utilizing standard peripheral components, mini/micro architecture, and "user friendly" software/ firmware applications. Many of our security engineers have the federal government's highest security clearances.

We also provide security system design support services involving the evaluation and specifications of security systems and components that meet a client's operating and budgetary requirements. Typically, these services are provided within the context of a comprehensive security evaluation and implementation program in conjunction with the systems' integrator.

We work closely with the customer and facility owner, architect, engineer, system integrators and/or construction manager to develop and design security monitoring and control systems that afford a normal but secure environment for management, staff and visitors. Our design personnel are expert in their knowledge of the various technologies (mature and emerging) and their application to security challenges, both in the United States and abroad, because they continue to be intimately involved in developing security systems for government facilities in the United States and overseas.

Product Design

We design and develop new products based upon market requirements and as deemed necessary to meet clients' specific needs. We research and assess threat and vulnerability issues and design and engineer our products in-house, with outside consultants as necessary, and in conjunction with joint venture partners to meet the needs of clients based upon the results of such research. We investigate new and emerging technologies that have application in the security industry and seek to license these technologies which we then incorporate into our product line.

Markets for Our Products

We have identified a number of markets for our products and have developed programs to gain access to those target markets. Generally, private industry and government facilities that possess sensitive information, valuable assets or by virtue of the nature of their business may be subject to terrorist threats, recognize the need to implement security measures to protect personnel and property. In many instances, laws have been enacted and mandates decreed for compliance with some minimum-security standards. Airport security is a prime example. We target these entities as well as entities where we can demonstrate the need for security measures.

Primary markets that we target include:

- the U.S. Government, its agencies and departments, including the Department of Defense and the Department of Energy;
- large industrial facilities, including pharmaceutical companies and major office complexes;
- energy facilities, including nuclear power plants, utilities, chemical-petrochemical pipelines;
- commercial aviation and maritime facilities;
- rail transportation; and
- foreign/export opportunities in all of the above-targeted areas.

The U.S. Government, along with many of its agencies and departments, represents a significant market for our products. We actively market our products to the following U.S. Government agencies, all of which have purchased our products in the past and continue to be among our top customers:

- The U.S. Department of Defense and a number of its subdivisions have been using our products for force and asset protection at numerous military bases and air force installations around the world. Certain of our products have been certified and included as part of the government's tested and approved technologies.

- The U.S. Department of Energy, in connection with the clean-up and operation of military bases and government-owned nuclear processing facilities, offers an expansive and varied market. We are involved with the supply and support services at nine sites on an ongoing basis.
- The Department of Transportation includes airports, trucking and distribution centers and marine terminals. Our products and systems directly apply to the security needs of this multi-billion dollar market opportunity.

Our open-ended contract with the General Services Administration (GSA), which has been extended through July 31, 2014, authorizes the U.S. Government and a network of eligible sources to purchase materials and services from us without having to undergo a full competition. In September 2003, we announced the finalization of a 5-year indefinite delivery/indefinite quantity contract for the Integrated Base Defense Security System (IBDSS) with the United States Air Force (USAF) to secure highly strategic military facilities throughout the world. During Fiscal 2008, the Company was awarded a number of orders for Tactical Automated Sensor Systems (TASS). On April 22, 2009, the contract was increased and extended to August 30, 2009. A task order awarded in August was completed during the second quarter of 2010. The IBDSS program has been re-bid as "Force Protection Security System (FPS²)," and an award was made during the first quarter of fiscal 2010. The Company expects to be a technology supplier to the three large system integrators selected for the FPS² program over the next five years.

We also target state and local governments and government authorities and agencies fulfilling the roles described above.

Large Industrial Facilities and Major Office Complexes. These types of facilities, such as pharmaceutical companies, frequently house sensitive data where research and product development occur and are likely to acquire integrated security packages to create a "smart building." The technologies required to create a smart building in today's environment must address life, safety, power, lighting, information technology protection and other security systems to create a normal yet secure environment for employees, visitors and service personnel.

Energy Facilities, Including Nuclear Power Plants, Utilities, Chemical-Petrochemical Pipeline Facilities. Nuclear power stations and utilities that house sensitive information and dangerous materials represent a large and lucrative market for our products. Chemical-petrochemical, natural gas and pipeline companies, many of which operate in high risk environments and remote geographic locations, invest huge sums in the assets necessary to operate those businesses and adopt appropriate measures to protect their investments through the acquisition of security equipment and systems.

Commercial Aviation and Maritime Transportation. Infrastructure security has been at the forefront of security consciousness for many years. The federal government appropriated significant funds for the acquisition and installation of new, high-technology security systems at these facilities. There are approximately 1,200 facilities in the U.S. that the Federal Aviation Agency has identified and mandated for perimeter and access control security systems upgrade to be completed over the next several years and we will bid to provide products and services for many of these sites.

Foreign/Export Opportunities. Government operations and private industries in foreign countries are all subject to the same security issues that challenge similar entities in the United States. We, along with our strategic teaming partners and international sales representatives, continue to seek penetration of these markets.

Marketing

We have developed a multi-tiered marketing plan, allowing us to effectively market products to each of the separate government and industry segments identified as target markets both in the United States and internationally. Our marketing strategy highlights product strengths as they apply to each particular industry.

The primary goals of our marketing strategy are to:

- broaden the base of potential clients, and
- demonstrate the efficacy of our products.

We have entered into strategic partnerships, teaming, and representative relationships with major multi-national corporations in each of the industries that comprise our target markets. These companies generally enjoy a strong market presence in their respective industries and we believe that our association with these entities affords the Company and our products added credibility. These entities frequently subcontract our services and purchase our products in connection with larger projects. During Fiscal 2009, we entered into teaming agreements with Boeing Advanced Intelligence & Security Systems, Leadcom Integrated Solutions, Ltd., OMGLS International Inc. and GMS Integrated Systems..

During the fourth quarter of fiscal 2009, the Company submitted proposals on projects for Department of Defense facilities and certain nuclear power stations in the United States and southeast Asia valued at approximately \$3,850,000. One of these nuclear projects was awarded and partially shipped during the fourth quarter of fiscal 2009. Most of these proposals are still pending and awaiting approval, funding and award. We anticipate decisions relating to these remaining proposals within the first half of fiscal 2010 with deliveries scheduled through the last six months of fiscal 2010 and the first half of fiscal 2011.

Members of our management team have many years of experience in the security industry. Each member is assigned a corporate account and thereby establishes relationships with government and commercial organizations in a specific market. We attempt to maintain direct contact with key employees of the major corporate accounts and government agencies encompassing our target markets.

We are projecting our international business to develop through a network of independent sales representatives. Agreements are in place with various entities that allow us to maintain a presence in 21 countries worldwide. These agreements generally extend for a period of two years and provide the dealer/installer with price discounts from current price schedules as an incentive to market our products in their geographic area. We rely on our dealer/installer base to represent our product line throughout the world and to apprise us of potential projects where the products can be incorporated. In addition, we rely on our dealers/installers to introduce our company and products to key government and private enterprise personnel in their respective geographic regions.

We also market directly to providers of integrated security systems, security systems dealers/installers, systems engineers and other entities that may be contracted for a security system on behalf of a client.

A presence is maintained at the major trade conferences that address our target markets and we advertise in the relevant conference publications.

We employ a variety of pricing strategies for our services. Proposals for consulting services are based on an estimate of hours multiplied by standard rates. Systems integration projects are based on the estimated cost of the components including subcontractors and equipment, plus a profit margin. Pricing for engineering and maintenance services vary widely depending on the scope of the specific project and the length of engagement.

Business Growth Strategy

In order to achieve a sustainable and continuous growth rate, we believe that we must devote additional resources to marketing and product development. Specifically, we have or intend to:

- Expand our base of dealers/installers/integrators worldwide. This is an effective and cost efficient means of increasing sales. These entities serve as our local agents to market products and provide customer support. Furthermore, these entities are familiar with local laws and frequently have local contacts in government and business at decision-making levels.
- Expand our global presence. We entered into sales agreements with a number of multi-national companies to represent and support our products in Africa, India, China, and the Middle East.
- Design and develop new systems. We will continue to develop new security systems to expand our portfolio of proprietary products. We believe that this will help us to open new markets and retain our position as a leading edge provider of technology based security equipment.
- License new and emerging technologies. We will continue to identify, analyze and acquire new and emerging technologies for application in the security industry. We will seek to acquire technologies that will enhance our existing systems and develop new products.
- Upgrade existing products. We have and will continue to upgrade existing products by taking advantage of technological advancements to ensure that they remain state-of-the-art.

Customers

We provide products and services to certain customers who maintain their own integration engineering and installation departments. During the past five years we have provided products to approximately 50 nuclear power stations, Department of Energy and other government agencies covering over 220 projects.

Under usual business conditions, given the nature of our customers and products, we receive relatively large orders for products and services from a relatively small number of customers. We have committed to expand our customer base and, for the fiscal year ended June 30, 2009, there were three customers from which we had significant sales volume. The Department of Defense accounted for 40 %, Leadcom Integrated Solutions, Ltd., 27 % and Securetech LLC, 10 %. In Fiscal Year 2008, Leadcom Integrated Solutions, Ltd., the Department of Energy and the Department of Defense accounted for 35%, 21% and 16%, respectively, of our net revenues.

Competition

As the public and private sectors become increasingly concerned with security issues, we believe that the security and anti-terrorism industry will experience substantial growth. Competition is intense among a fragmented and wide ranging group of product and service providers, including security equipment manufacturers, providers of integrated security systems, systems integrators, consulting, engineering and design firms and others that provide individual elements of a system. Many of our current and potential competitors possess greater name recognition and financial, technical and marketing resources than we do. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements, or to devote greater resources to the development, promotion, sale and support of their products than we can. Because of growth in the marketplace, we anticipate increased competition from other sources, ranging from emerging to established companies. We believe that the principal factors affecting competition in the industry include applied technology, product performance, price and customer service. We cannot be certain that we will be able to compete successfully in the future against existing or potential competitors.

We believe we are able to sustain our competitive position in the industry because:

- our principal officers, security analysts, design personnel and sales persons have an aggregate of over 200 years of experience in the security industry;
- we have the ability to analyze security risks, design, engineer and manufacture products customized to a client's requirements;
- our products address a wide range of security requirements;
- our products are among the most technologically advanced and the highest quality available;
- our products are flexible in that many of them can be configured and customized to meet a client's specific needs and can be integrated in new or existing security systems;
- our products are reliable, and relatively easy and inexpensive to install and maintain; and
- we have been successful in teaming with large multinational companies to market and incorporate our products into their product offerings, thereby contributing to the credibility and efficacy of our products.

Manufacturing

We maintain manufacturing operations at our facilities in New Jersey and Alabama. These activities include the procurement of materials, product assembly and component integration, product assurance, quality control and final testing.

We purchase the individual components that comprise our products or subcontract the manufacture of specific subsystems to third parties. We believe that we are not overly dependent on any one supplier for the components of our products. In the event of any disruption in supply or discontinuation of production by any of our present suppliers, we believe that the components used in our products are available from numerous sources at competitive prices. Various aspects of the software programming required in connection with our computer products are designed and written by in-house personnel or are subcontracted to third parties.

We have not entered into any long-term contracts for the purchase of components but rather rely on rolling forecasts to determine the number of units we will sell and the components required. We maintain an inventory of certain long-lead items required in the manufacture of our products, as reflected in our balance sheet. To date, we have been able to obtain supplies of these components and we believe that adequate quantities are available to meet our needs.

To date, compliance with environmental laws has not impacted our manufacturing or other operations, although there can be no assurance that this will continue to be the case.

Intellectual Property and Other Proprietary Rights

Proprietary protection for our technological expertise, products and product candidates are important to our business. Currently, we rely upon trade secrets, application experience and continuing technological innovation to develop and maintain our competitive position. We also rely on a combination of trade secret protection and non-disclosure agreements to establish and protect our proprietary rights.

Our success is dependent to a great extent on our proprietary knowledge, innovative skills, technical expertise and marketing ability. Our intention is not to rely primarily on patents or other intellectual property rights to protect or establish our market position.

We obtained trademarks in the United States, South Korea, United Kingdom and Saudi Arabia for "FOIDS®" (Fiber Optic Intelligent Detection System); "IPID®" (Infrared Perimeter Intrusion Detection); "RDIDS®" (Rapid Deployment Intrusion Detection System); "IDMS®" (Intrusion Detection & Monitoring System); "LanDataSecure®" (LAN and WAN Security Monitoring); "WISE®" (Water Infrastructure Sensing Equipment), "Vacusonic®" (a water purification process), and "Gamma Shark®" (a water radiation detection system). We have also filed for trademarks in other countries.

We require all employees, consultants and contractors to execute non-disclosure agreements as a condition of employment with or engagement by the Company. We cannot be certain, however, that we can limit unauthorized or wrongful disclosures of unpatented trade secret information.

Although we continue to implement protective measures and intend to defend our proprietary rights, policing unauthorized use of our technology or products is difficult and we cannot be certain that these measures will be effective or successful.

Research and Development

The forces that drive the design and development of new products include the need to meet new security threats, incorporate newly developed technologies and satisfy a client's unique security requirements. We research and assess threat and vulnerability issues at selected facilities within our target markets and design and engineer products in-house with outside consultants as necessary and in conjunction with joint venture partners to meet the needs of clients based upon the results of such research. We investigate new and emerging technologies in the security industry and seek to license certain technologies which we then incorporate into our products.

During the years ended June 30, 2009 and 2008, we expended \$161,336 and \$98,336, respectively, on research and development activities.

Product Warranty

IPID® sensors are warranted for ten (10) years, under normal use, against defects in workmanship and material from date of installation of the system on the customer's premises. All other components are warranted to the extent of the warranty given by the actual manufacturer. FOIDS® processors are warranted for a ten (10) year period. For the years ended June 30, 2009 and 2008, net expenses attributable to warranties were well below the amounts accrued. An unanticipated cost in fiscal 2007 was incurred due to a supplier who had produced and delivered defective sensor housings which were not immediately evident but which were discovered after they had been fully assembled, shipped and installed at various sites during 2006 and 2007. We had filed suit against the housing manufacturer seeking in excess of \$530,000 in damages. In June 2009, an arbitration decision was made in the Company's favor against Bennett Plastics in the amount of \$148,000. However, based on the financial condition of Bennett Plastics, we were advised by counsel to negotiate an immediate cash settlement of \$125,000 which we negotiated and settled on June 26, 2009. We also negotiated and settled all outstanding attorney fees owed to Lasser Hochman, LLC as part of the settlement.

Technology Licensing Arrangements

As we endeavor to design and manufacture the most effective and efficient technology based security solutions, we review and investigate new and emerging technologies that have application in the security industry. Frequently, we seek to incorporate these technologies into our systems. We are party to agreements to use certain proprietary IT and security systems including Meridian Technologies Inc. (for fiber optic networking affording video voice and data over single fiber), El-Go Team (for bollards, barriers, lift gates, tire shredders, traffic lights and signage), You Tech (for day/night pan/tilt/zoom long range infrared/laser illumination with video motion detection capability from two to 20 kilometers), a magnetic fence and/or in-ground sensor system, and Vindicator/Honeywell for data acquisition .

Employees

As of September 22, 2009, we employed 14 key individuals on a full-time basis including six design and engineering staff, four manufacturing and assembly employees, three marketing employees, two project managers and three administrative employees. A number of employees serve in multiple capacities. For example, Arthur Barchenko serves as our President but is also an integral member of our marketing team. Our manufacturing staff may oversee site installation of the products.

We have relationships with 11 independent sales representative and/or dealer-installer organizations covering specific regions in the U.S.A., Central America, South America, United Kingdom, India, the Middle East, and Southeast Asia.

Based on our teaming agreements with large system integrators, we are able to address large projects by utilizing the technical expertise of these teaming partners in support our factory engineering and/or in-field personnel requirements on any given project.

None of our employees are covered by a collective bargaining agreement or represented by a labor union. We consider our relationship with our employees to be satisfactory.

Item 1A. RISK FACTORS

An investment in our common stock involves risks and uncertainties. You should consider the following factors carefully, in addition to the other information contained in this Form 10-K, before deciding to purchase our securities.

Risks Relating to Our Business

There is an existing Event of Default under our senior secured convertible debentures issued in our January 2006 private financing ,and the obligations under such debentures are secured by a lien on all of our assets including our intellectual property.

We are currently in default under our senior secured convertible debentures that we issued in our January 2006 financing. These debentures came due on January 11, 2009. We currently owe approximately \$452,500_ under the debentures. The Company and the debenture holders are currently holding discussions to consider various proposals designed to address this issue. No assurance can be provided that the Company and the debenture holders will in fact be able to reach a resolution of this matter.

We currently do not have the cash resources to pay these obligations, which are secured by all of our assets including our intellectual property, and such assets are therefore be subject to seizure by the holders of the debentures. We were not able to repay the \$490,000 balance that was due on January 6, 2009. To date, during the fourth quarter of fiscal 2009, we have reduced the debt by \$37,500 and have remained current on the interest payments. Until the amounts owing are paid in full, the holders of the debentures are entitled to foreclose on our assets to satisfy amounts owed to them.

Our senior secured convertible debentures contain numerous events of default and covenants. Events of default under the debentures include:

- failure to pay principal or any premium on any debenture when due,
- failure to pay any interest, late fees or liquidated damages on any debenture after a period of three trading days,
- failure to perform other covenants under the debenture that are not cured by the earlier of seven trading days after notice by holder or 15 trading days after we are aware of such default,
- default under the other financing documents that is not cured by the earlier of five trading days after notice or ten trading days after we are aware of such default,
- any representation or warranty under the financing documents that is untrue or incorrect in any material respect, or certain events of bankruptcy or insolvency of us or any of our subsidiaries, or any default by us or our subsidiaries under any instrument in excess of \$150,000 that results in such obligation becoming due and payable prior to maturity,
- our becoming party to a change of control transaction, or disposing of greater than 40% of our assets or redeeming more than a de minimus number of outstanding equity securities,

Upon an event of default, the outstanding principal of the debentures plus all accrued and unpaid interest shall become immediately due and payable to the holders of the debentures.

The debentures contain various covenants that limit our ability to:

- incur additional debt, other than permitted debt as defined in the debenture,
- incur specified liens, other than permitted liens as defined in the debenture,
- amend our certificate of incorporation or by-laws in a material adverse manner to the holder, or

- repay or repurchase more than a de minimus number of shares of common stock.

We depend on government contracts for a large part of our total sales, and therefore our business is vulnerable to fluctuations in government spending.

Because many of our contracts are with governmental entities, our business is subject to risks that are out of our control, including global economic developments, wars, political instability, changes in the tax and regulatory environments, foreign exchange rate volatility and fluctuations in government spending. For example, the 2009 Homeland Security Appropriations Act provides \$7.1 billion in discretionary spending for the Department of Energy and Department of Defense. However, because many customers are governmental entities with variable and uncertain budgets, the amount of business that we might receive from them may vary from year to year, regardless of the perceived quality of our business.

Some of our contracts are subject to cancellation by clients upon short notice with little or no penalty so we cannot be certain that our backlog will be filled. The contracts we enter into with government entities are often awarded prior to legislative funding appropriations to support those contracts. Consequently, the entire amount of orders and contracts received from these entities may never be funded. If a substantial portion of our backlog orders are cancelled, our business, operating results and financial condition could be materially and adversely affected. In addition, the cancellation of a substantial portion of booked orders would negatively impact other areas of our business. For example, if we have booked orders from a large customer and the customer cancels their order, it would greatly affect our operating results for the period during which we would have recognized revenues from that customer. This could cause our stock price to fluctuate and make it difficult to evaluate the Company. Moreover, cancellation of a booked order after we have ordered components and materials to manufacture systems could result in the Company having excess inventory with no corresponding income.

During the fiscal year ended June 30, 2009, three customers accounted for substantially all of our revenues; the Department of Defense comprised 40% of revenues, Leadcom Integrated Solutions, 27%, and Securetech LLC, 10%. A substantial decrease in revenues generated from contracts from these customers could have an adverse effect on our business unless we were able to identify other customers. For the fiscal year ended June 30, 2008, three customers accounted for substantially all of our revenues, with the Department of Defense, Leadcom Integrated Solutions and the Department of Energy accounting for 35%, 21% and 16%, respectively, of net revenues. If we are unsuccessful in diversifying our customer base, we may experience a significant decrease in business resulting in a material adverse effect on our financial condition and results of operations.

Because our sales tend to be concentrated among a small number of customers during any period, our operating results may be subject to substantial fluctuations. Accordingly, our revenues and operating results for any particular quarter may not be indicative of our performance in future quarters, making it difficult for investors to evaluate our future prospects based solely on the results of any one quarter.

Given the nature of our customers and products, we receive relatively large orders for products from a relatively small number of customers. Consequently, a single order from one customer may represent a substantial portion of our sales in any one period and significant orders by any customer during one period may not be followed by further orders from the same customer in subsequent periods. Our sales and operating results are subject to very substantial periodic variations. Since quarterly performance is likely to vary significantly, our results of operations for any quarter are not necessarily indicative of the results that we might achieve for any subsequent period. Accordingly, quarter-to-quarter comparisons of our operating results may not be meaningful.

We rely on rolling forecasts when ordering components and materials for the manufacture of our products which could cause us to overestimate or underestimate our actual requirements. This may result in an increase in our costs or prevent us from meeting customer demand.

We use rolling forecasts based on anticipated orders to determine component requirements. Lead times for materials and components vary significantly and depend on factors such as specific supplier requirements, contract terms and current market demand for such components. As a result, our component requirement forecasts may not be accurate. If management overestimates our component requirements, we may have excess inventory, which would increase our costs. If management underestimates component requirements, we may have inadequate inventory, which could interrupt manufacturing and delay delivery of product to customers. Any of these occurrences would negatively impact our business and results of operations.

Our product offerings involve a lengthy sales cycle and management may not anticipate sales levels appropriately, which could impair profitability.

Our products and services are designed for medium to large commercial, industrial and government facilities, such as military installations, office buildings, nuclear power stations and other energy facilities, airports, correctional institutions and high technology companies desiring to protect valuable assets and/or prevent intrusion into high security facilities. Given the nature of our products and customers, sales cycles can be lengthy as customers conduct intensive investigations of specific competing technologies and providers. Moreover, orders received from governments may be subject to funding appropriations, which may not be approved. For these and other reasons, the sales cycle associated with our products is typically lengthy and subject to a number of significant risks over which we have little or no control.

We anticipate that business from programs and projects inside the United States will comprise a significant increase during Fiscal 2010 based on the number of proposals outstanding that we believe will be funded and released for manufacture during this period.

Most of the \$3,850,000 in quotations referenced above are scheduled for award and release during the fiscal year 2010. Therefore, our domestic business should be significantly higher than in prior periods.

We anticipate that business from projects outside the United States will comprise an increasing part of our business and, accordingly, we are subject to risks associated with doing business outside the United States.

During the fiscal years ended June 30, 2009 and 2008, we generated approximately 37% and 63%, respectively, of our business from projects outside the United States. We anticipate that the revenue portion from overseas operations will not increase significantly during Fiscal 2010 as a percentage of sales. Our international business operations are subject, generally, to the financial and operating risks of conducting business internationally, including, but not limited to:

- unexpected changes in or impositions of legislative or regulatory requirements;
- potential hostilities and changes in diplomatic and trade relationships; and
- political instability.

One or more of these or other factors not referenced herein or now known to us could materially impact our business and results of operations could suffer.

We depend on our relationships with strategic partners as a source of business and our business and results of operations could suffer if these relationships are terminated.

We have entered into strategic partnerships or teaming arrangements with several large multinational corporations that promote our products and services and incorporate our products into their projects. In the event that we are unable to maintain these strategic relationships for any reason, our business, operating results and financial condition could be adversely affected.

We compete against entities that have significantly greater name recognition and resources than we do, enabling them to respond more quickly to changes in customer requirements and allocate these resources to marketing efforts.

The security industry is highly competitive and continues to become increasingly so as security issues and concerns have become a primary consideration at both government and private facilities worldwide. Competition is intense among a wide ranging and fragmented group of product and service providers, including security equipment manufacturers, providers of integrated security systems, systems integrators, consulting firms, engineering and design firms and others that provide individual elements of a system, some of which are larger than us and possess significantly greater name recognition, assets, personnel, sales and financial resources. These entities may be able to respond more quickly to changing market conditions by developing new products that meet customer requirements or are otherwise superior to our products and may be able to more effectively market their products than we can because of the financial and personnel resources. We cannot assure investors that we will be able to distinguish ourselves in a competitive market. To the extent that we are unable to successfully compete against existing and future competitors, our business, operating results and financial condition would be materially and adversely affected.

We rely on third parties for key components used in our products.

We rely on suppliers for several key components utilized in the manufacture of our products. Our reliance on suppliers involves certain risks, including a potential inability to obtain an adequate supply of required components, price increases, timely delivery and component quality. We cannot assure you that there will not be additional disruptions of our supplies in the future. Disruption or termination of the supply of components could delay shipments of products and could have a material adverse affect on our business, operating results and financial condition.

If our subcontractors fail to perform their contractual obligations, our prime contract performance and our ability to obtain future business could be materially and adversely impacted.

Some of our contracts involve subcontracts with other companies upon which we rely to perform a portion of the services that we must provide to our customers. There is a risk that we may have disputes with our subcontractors, including disputes regarding the quality and timeliness of work performed by the subcontractor. A failure by one or more of our subcontractors to satisfactorily perform the agreed-upon services may materially and adversely impact our ability to perform our obligations as the prime contractor. Subcontractor performance deficiencies could result in a customer terminating our contract for default. A default termination could expose us to liability and have a material adverse effect on our ability to compete for future contracts and orders.

Our services and reputation may be adversely affected by product defects or inadequate performance.

In the event our products do not perform to specifications or are defective in any way, our reputation may be adversely affected and we may suffer a loss of business and a corresponding loss in revenues.

If we are unable to retain key executives or hire new qualified personnel, our business will be adversely affected.

Our success greatly depends on our ability to retain existing management and attract key technical, sales, marketing, information systems, and financial and executive personnel. We are especially dependent on the continued services of our senior management team, particularly Arthur Barchenko, our President and our key marketing personnel. The loss of any of these people could have a materially detrimental effect on our business. We have not entered into employment agreements with any of these people. We do not maintain key person life insurance on any of our personnel. In addition, we are seeking to engage senior sales staff and if we fail to attract, hire or retain the necessary personnel, or if we lose the services of any member of our senior management team, our business could be adversely affected.

Risks Relating to Our Common Stock

We have outstanding two classes of preferred stock which have preference over the common stock as to dividends and liquidation distributions, among other preferential rights.

As of the date hereof, we have issued and outstanding 300,000 shares of Series A Convertible Preferred Stock ("Series A Preferred Stock") and 791 shares of Series B Preferred Stock (which together with the Series A Preferred Stock is referred to as the "Preferred Stock"). The Preferred Stock affords holders a preference to assets upon liquidation, a cumulative annual dividend and is convertible into shares of common stock, all of which rights impact the outstanding shares of common stock. The Preferred Stock's right to annual dividends makes less likely the possibility that we will declare dividends on the common stock. In the event of a liquidation of the Company's assets, holders of Preferred Stock will have a right to receive as a liquidation payment any remaining assets of the Company prior to any distributions to holders of the common stock and the holders of the Preferred Stock may be able to block actions otherwise approved by the holders of the common stock if such action is adverse to their rights. In addition, holders of common stock will suffer dilution upon any conversion of the Preferred Stock which could reduce the market value of the common stock.

Our common stock price has fluctuated considerably and may not appreciate in value.

Prices for our common stock have in the past, and could continue to, fluctuate significantly and will be influenced by many factors, including the liquidity of the market for the common stock, investor perception of the industry in which we operate and our products, and general economic and market conditions. Factors which could cause fluctuation in the price of our common stock include:

- conditions or trends in the industry,
- failure to keep pace with changing technology,
- costs associated with developing new products and services,
- costs associated with marketing products and services may increase significantly,
- the timing of sales and the recognition of revenues from them,
- government regulations may be enacted which affect how we do business and the products which may be used at government facilities,
- downward pressure on prices due to increased competition,
- changes in our operating expenses,
- sales of common stock,
- actual or anticipated variations in quarterly results, and
- changes in financial estimates by securities analysts.

The stock market in general has experienced extreme price and volume fluctuations. The market prices of shares of security-related companies experienced fluctuations that often have been unrelated or disproportionate to the operating results of these companies. Continued market fluctuations could result in extreme volatility in the price of our common stock, which could cause a decline in the value of our common stock. Price volatility might be worse if the trading volume of our common stock is low.

Our common stock is considered a "penny stock" and may be difficult to trade.

The SEC has adopted regulations that generally define "penny stock" as an equity security with a market or exercise price of less than \$5.00 per share, subject to specific exemptions. The market price of our common stock is less than \$5.00 per share, and therefore may be designated as a "penny stock" according to SEC rules. Under these rules, broker-dealers who recommend such securities to persons other than institutional accredited investors must:

- make a special written suitability determination for the purchaser,
- receive the purchaser's written agreement to a transaction prior to sale,
- provide the purchaser with risk disclosure documents which identify certain risks associated with investing in "penny stocks" and which describe the market for these "penny stocks" as well as a purchaser's legal remedies, and
- obtain a signed and dated acknowledgment from the purchaser demonstrating that the purchaser has actually received the required risk disclosure document before a transaction in a "penny stock" can be completed.

Under these rules, broker-dealers may find it difficult to effectuate customer transactions and trading activity in our securities may be adversely affected. As a result, the market price of our securities may be depressed, and it may be more difficult to sell our securities. In addition, you may find it difficult to obtain accurate quotations of our common stock and may experience a lack of buyers to purchase such stock or a lack of market makers to support the stock price.

Our common stock is traded over the counter, which may result in higher price volatility and less market liquidity for our common stock.

Our common stock is quoted on the OTC Bulletin Board. As such, our common stock may have fewer market makers, lower trading volume and a larger spread between bid and asked prices than securities listed on an exchange such as the New York Stock Exchange, the American Stock Exchange or the Nasdaq Stock Market. These factors may result in higher price volatility and less market liquidity for our common stock.

Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses.

Keeping abreast of, and in compliance with, changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations and, in the event we are approved for listing on a registered exchange at some point, stock exchange rules, will require an increased amount of management attention and external resources. We intend to continue to invest all reasonably necessary resources to comply with evolving standards, which may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Our principal stockholders have significant voting power and may take actions that may not be in the best interest of other stockholders.

Our executive officers, directors and principal stockholders control approximately 35% of our currently outstanding shares of common stock. If these stockholders act together, they may be able to exert significant control over our management and affairs requiring stockholder approval, including approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control and might adversely affect the market price of our common stock. This concentration of ownership may not be in the best interests of all our stockholders.

We do not anticipate paying cash dividends on our common stock in the near future, and the lack of dividends may have a negative effect on our stock price.

We have never declared or paid any cash dividends or distributions on our capital stock. We currently intend to retain our future earnings to support operations and to finance expansion and therefore we do not anticipate paying any cash dividends on our common stock in the near future.

Investors in our securities will suffer dilution.

The issuance of shares of our common stock, or shares of our common stock underlying warrants, options, preferred stock or convertible debentures, will dilute the equity interest of existing stockholders who do not have anti-dilution rights and could have a significant adverse effect on the market price of our common stock. The sale of our common stock acquired, or converted or exercised into, at a discount could have a negative impact on the market price of our common stock and could increase the volatility in the market price of our common stock. In addition, we may seek additional financing which may result in the issuance of additional shares of our common stock and/or rights to acquire additional shares of our common stock. The issuance of our common stock in connection with such financing may result in substantial dilution to the existing holders of our common stock who do not have anti-dilution rights. The sale of our common stock, or securities convertible or exercisable into shares of our common stock, could trigger the anti-dilution rights of our outstanding securities that have such rights, specifically our preferred stock, convertible debentures and some of our warrants, which could result in further dilution to the existing holders of our common stock who do not have anti-dilution rights. With respect to the senior secured convertible debentures and warrants that we issued in our January 2006 private financing, in the event that we issue common stock in an equity financing at a price less than the then conversion price and exercise price for the debentures and the warrants, respectively, (i) the conversion price of the debentures shall be immediately adjusted to the price at which such common stock was issued, subject to specified exempt issuances, and (ii) the exercise price of the warrants shall be reduced to the price at which such common stock was issued and the share amount shall be increased such that the aggregate exercise price payable, after taking into account the decrease in the exercise price, shall be equal to the aggregate exercise price prior to such adjustment. Those additional issuances of our common stock and potential triggering of existing anti-dilution rights would result in a reduction of an existing holder's percentage interest in the company.

A significant number of our shares will be eligible for sale, and their sale could depress the market price of our common stock.

Sales of a significant number of shares of our common stock in the public market could harm the market price of our common stock.

There is an approximate aggregate of 10.1 million shares of our common stock, some or all of which may also be offered from time to time in the open market pursuant to Rule 144, and these sales may have a depressive effect on the market for our shares of common stock. In general, a non-affiliated person who has held restricted shares for a period of six months may, under Rule 144, sell into the market shares of our common stock. Such sales may be repeated once every three months, and any of the restricted shares may be sold by a non-affiliate after they have been held for two years.

We could issue "blank check" preferred stock without stockholder approval with the effect of diluting then current stockholder interests and impairing their voting rights.

Our Certificate of Incorporation authorizes the issuance of up to an additional 3,898,000 shares of "blank check" preferred stock with designations, rights and preferences as may be determined from time to time by our Board of Directors. Accordingly, our Board of Directors is empowered, without stockholder approval, to issue a series of preferred stock with dividends, liquidation, conversion, voting or other rights which could dilute the interest of, or impair the voting power of, our common stockholders. The issuance of a series of preferred stock could be used as a method of discouraging, delaying or preventing a change in control. For example, it would be possible for our Board of Directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of our Company.

The liability of our directors is limited under State of New Jersey corporate law.

As permitted by the corporate laws of the State of New Jersey, our Certificate of Incorporation includes a provision that eliminates the personal liability of our directors for monetary damages for breach or alleged breach of their fiduciary duties as directors, subject to certain exceptions. In addition, our by-laws provide that we are required to indemnify our officers and directors under certain circumstances, including those circumstances in which indemnification would otherwise be discretionary, and we are required to advance expenses to our officers and directors as incurred in connection with proceedings against them for which they may be indemnified.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Our corporate headquarters are located at 790 Bloomfield Avenue, Clifton, New Jersey where we lease approximately 12,200 square feet of space divided among administrative (2,600 square feet) and manufacturing (9,600 square feet) space. We have renewed our lease for this space through April 30, 2018 at a rent of \$7,098 per month with an option to renew through April 30, 2028. We also lease approximately 2,500 square feet of manufacturing space at 102 Commerce Circle, Madison, Alabama. We have leased this space through February 2010 at a cost of \$2,200 per month. However, as permitted under the terms of this lease, we have notified the lessor that we intend to consolidate our manufacturing into our New Jersey facility and will terminate our lease effective September 30, 2009. We believe that the New Jersey facility is sufficient to meet our present and future requirements.

Item 3. Legal Proceedings

In fiscal 2007, we filed suit against a supplier who had delivered defective housings to us for our sensor products and we sought in excess of \$530,000 in damages. In June 2009, an arbitration decision was made in the Company's favor against Bennett Plastics in the amount of \$148,000. However, based on the financial condition of Bennett Plastics, we were advised by counsel to negotiate an immediate cash settlement of \$125,000 which we negotiated and settled on June 26, 2009. We also negotiated and settled all outstanding attorney fees owed to Lasser Hochman, LLC as part of the settlement.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of stockholders during the three-month period ended June 30, 2009.

PART II

Item 5. Market for Common Equity, Related Stockholder Matters AND Issuer Purchases of Equity Securities

The common stock of the Company trades on the OTC Bulletin Board under the trading symbol EKCS. The prices set forth below reflect the quarterly high and low sales prices for shares of common stock since the Company's stock commenced trading as reported by the National Quotation Bureau, Inc. These quotations reflect inter-dealer prices, without retail markup, markdown or commission, and may not represent actual transactions.

	Closing Bid	
	High	Low
Fiscal 2009		
April 1 – June 30, 2009	\$ 0.19	\$ 0.07
January 1 – March 31, 2009	\$ 0.08	\$ 0.07
Oct. 1 – December 31, 2008	\$ 0.14	\$ 0.06
July 1 – September 30, 2008	\$ 0.34	\$ 0.18
Fiscal 2008		
April 1 – June 30, 2008	\$ 0.81	\$ 0.33
January 1 – March 31, 2008	\$ 0.40	\$ 0.20
Oct. 1 – December 31, 2007	\$ 0.89	\$ 0.33
July 1 – September 30, 2007	\$ 1.04	\$ 0.86

As of September 21, 2009, ECSI had approximately 188 holders of record of common stock. This number of holders of record does not include beneficial owners of the Company's common stock whose shares are held in the names of various security holders, dealers, and clearing agencies.

Dividend Policy

The Company has not paid any cash dividends on its common stock and does not anticipate paying cash dividends in the foreseeable future. The Company intends to retain any earnings to finance the growth of its business. There can be no assurance that the Company will ever pay cash dividends. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 6. Selected Financial Data

Not Applicable

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read together with our Financial Statements and the Notes related to those statements, as well as the other financial information included in this Form 10-K. Some of our discussion is forward-looking and involves risks and uncertainties. For information regarding risk factors that could have a material adverse effect on our business, refer to the RISK FACTORS section in Item 1 of this Annual Report on Form 10-K.

Overview

We design, develop, manufacture and market technology-based integrated security systems. We also provide support services to system integrators consisting of risk assessment and vulnerability studies to ascertain a client's security requirements in order to develop a comprehensive risk management and mitigation program.

We market our products domestically and internationally to:

- security systems integrators;
- national and local government entities;
- large industrial facilities and major office complexes;
- energy facilities, including nuclear plants, power utilities and pipelines; and
- commercial transportation centers, such as airports and seaports.

We believe that we are one of the few true totally comprehensive security solution providers in the industry. We are able to analyze a security risk and develop security solutions specifically tailored to mitigate that risk, including design, engineering and manufacturing individual components of a system as may be necessary to deliver a fully integrated security system customized to a client's requirements. We are frequently engaged by security systems integrators, dealers/installers, and commercial architects and engineers because we are able to deliver the integrated platform of design, engineering services and fully integrated security solutions that support their requirements for the completion of a given project.

We believe that we have developed a superior reputation as a provider of integrated security systems since our inception in 1976 because we:

- offer the complete range of solutions-driven responses to accommodate our customers' needs;
- offer technologically superior products;
- are able to design, engineer and manufacture systems customized to our clients' specific requirements;
- deliver systems that are easy to operate and maintain while providing superior life cycle cost performance compared to systems offered by competitors;
- have established solid credentials in protecting high value targets; and
- offer customers perhaps the best warranty in the industry.

Critical Accounting Policies

We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, management evaluates its estimates, including those related to inventory reserves, allowance for doubtful accounts and deferred taxes. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies and the related judgments and estimates affect the preparation of our financial statements.

Inventory Valuation — Inventories are valued at lower of cost or market. We routinely evaluate the composition of our inventory to identify obsolete or otherwise impaired inventories. Inventories identified as impaired are evaluated to determine if reserves are required. We do not currently have any reserves against inventory.

Allowance for Doubtful Accounts — The allowance for doubtful accounts is comprised of two parts, a specific account analysis and a general reserve. Accounts where specific information indicates a potential loss may exist are reviewed and a specific reserve against amounts due is recorded. As additional information becomes available such specific account reserves are updated. Additionally, a general reserve is applied to the aging categories based on historical collection and write-off experience.

Accounting for Income Taxes — We record a valuation allowance to our deferred tax assets to the amount that is more likely than not to be realized. While we consider historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event that we determine that we would be able to realize deferred tax assets in the future in excess of the net amount recorded, an adjustment to the deferred tax asset would increase income in the period such determination has been made. Likewise, should we determine that we would not be able to realize all or part of the net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged against income in the period such determination was made. A valuation allowance in the amount of \$2,057,155 has been recorded against our deferred tax asset at June 30, 2009.

We account for stock-based compensation in accordance with the fair value recognition provisions of SFAS No. 123R. Under SFAS No. 123R, stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the vesting period of the individual equity. We use the Black-Scholes option-pricing model to estimate the fair value of options. In order to calculate the fair value of the options, assumptions are made for certain components of the model, including risk-free interest rate, volatility, expected dividend yield rate and expected option life. Although we use available resources and information when setting these assumptions, changes to the assumptions could cause significant adjustments to the valuation.

Results of Operations

Year Ended June 30, 2009 ("Fiscal 2009 Period") Compared to Year Ended June 30, 2008 ("Fiscal 2008 Period")

Revenues. We had net revenues of \$3,472,696 for the Fiscal 2009 Period, as compared to revenues of \$2,916,410 for the Fiscal 2008 Period, an increase of approximately 19%. Of the revenues reported in the Fiscal 2009 period, approximately 60% are attributable to domestic projects and 40% are attributable to international projects. The increase in sales in the Fiscal 2009 Period is primarily attributable to private sector purchase orders.

Gross Margins. Gross margins for the Fiscal 2009 Period were 28% of revenue as compared to 35% of revenue for the Fiscal 2008 Period. The decrease in gross margins is primarily attributable to a change in the order mix of equipment sales and support services. We encountered an increase in material cost while experiencing a decrease in higher margin design and engineering support service billings which, combined, resulted in the decrease in gross margins for the Fiscal 2009 Period.

Research and Development (R&D). R&D expenses increased 64% in the Fiscal 2009 Period to \$161,336 from \$98,336 in the Fiscal 2008 Period. The increase in research and development expenses is primarily attributable to new product development such as a Long Range PTZ/IR Illuminated CCTV/Intelligent Video Motion Detection System and the High and Low Volume Entry Control Systems for vehicle and personnel.

Selling, General and Administrative (SG&A). SG&A expenses increased approximately 10% in the Fiscal 2009 Period to \$1,318,910 from \$1,201,211 for the Fiscal 2008 Period. The increase in selling, general and administrative expenses is attributable to costs relating to the U.N. project in Ethiopia where we incurred significant increases in freight and marketing related expenses. We also recognized a bad debt write-off in the amount of \$295,845 related to two overseas projects in Asia and the Middle East. Although we attempted to resolve these issues during the past year, we have been unable to collect these amounts.

Stock Based Compensation. In the 2009 Period, we issued stock options to our directors and various employees valued at \$63,279. The value of these options is being amortized over the vesting period of the underlying award. In the 2008 Period, we issued stock options to various consultants and to the directors that were valued at \$136,543. Stock-based compensation is non-cash and, therefore, has no impact on cash flow or liquidity.

Interest Expense. Interest expense in the Fiscal 2009 Period was \$147,526 as compared to \$200,472 for the Fiscal 2008 Period. Included in interest expense is the amortization of deferred finance costs relating the offering costs and the value of the warrant issued on the private placement of the convertible debentures. Amortization expense in the Fiscal 2009 Period was \$35,288 as compared to \$66,363 for the Fiscal 2008 Period. The decrease is attributable to the fact that the debentures matured in January 2009.

Amortization of Beneficial Conversion Feature. In accordance with EITF No. 00-27, we recorded an additional discount upon the issuance in January 2006 of our convertible debentures to reflect the beneficial conversion feature of the debt and amortizing this amount to the earlier of the date of conversion or the maturity date. In the 2009 and 2008 periods, the Company recorded amortization of \$9,926 and \$18,440 respectively.

Income Tax Benefit. We did not recognize any tax benefits from net operating losses in Fiscal 2009 or 2008.

Net Loss. Net loss before dividends for the Fiscal 2009 period was \$(667,059) as compared to a loss of \$(852,807) in Fiscal 2008.

Dividends Related to 10% Series B Convertible Preferred Stock.

We recorded dividends totaling \$121,933 on our Series B Convertible Preferred Stock in Fiscal 2009 and \$110,751 in Fiscal 2008. In lieu of a cash payment, we have elected, under the terms of the agreement whereby these securities were sold, to add this amount to the stated value of the Series B Convertible Preferred Stock.

These dividends are non-cash and, therefore, have no impact on our net worth or cash flow.

Liquidity and Capital Resources

At June 30, 2009, we had working capital of \$1.1 million compared to \$1.6 million at June 30, 2008. Net cash provided by operating activities for Fiscal 2009 was \$68,503 as compared to \$56,858 for Fiscal 2008.

Inventory has decreased by \$7,400 in Fiscal 2009, and we anticipate a further decrease during the first half of 2010 for shipments on committed projects that have or are being released.

Day's sales outstanding (DSO) were 181 days at June 30, 2009 as compared with 253 DSO at June 30, 2008. This is due to certain payments being held until final completion of projects in Fiscal 2009.

Accounts payable and accrued expenses have decreased by \$775,002 in the Fiscal 2009 period as payments to vendors have been made to match the collection of receivables.

Investing activities for Fiscal 2009 included equipment and software purchases totaling \$7,338, primarily related to upgrade two major product lines. We do not have any material commitments for capital expenditures going forward. Investing activities for Fiscal 2008 included \$2,120 for product upgrades.

In January 2006, we raised net proceeds of \$831,000 from the proceeds of the private placement of \$1 million in principal amount of our Senior Secured Convertible Debentures ("the Debentures"). Our obligations with respect to the Debentures are secured by a lien on all of our assets, including our intellectual property. As of June 30, 2009, approximately \$452,500 in principal amount of the debentures remains outstanding. The principal and interest owing on the debentures became due as of January 11, 2009 but were not repaid. The Company and certain of the debenture holders are currently holding discussions to consider various proposals designed to address this issue. No assurance can be provided that the Company and the debenture holders will in fact be able to reach a resolution of this matter.

In connection with the Clarion acquisition we assumed an existing loan in the amount of \$95,300. The loan is payable in 34 monthly installments of \$2,750 plus interest at the rate of prime plus 1/2% per annum. The balance was satisfied in fiscal 2009.

In Fiscal 2008, the Company financed the purchase of equipment from a vendor in the amount of \$101,762, evidenced by a bearing interest at the rate of 8% per annum. As the Company purchases product from the vendor a portion of each invoice will be charged to reduce the note balance. Management expects that the note will be repaid in approximately 12 months. The balance at June 30, 2009 was \$65,017.

In July 2007, \$150,000 of the loan balance due to officers was converted into 200,000 shares of the Company's Common Stock.

We expect that cash on hand together with collection of accounts receivable will be sufficient to provide for our working capital needs for the next 12 months.

Discussion of Results, Business Outlook and Identifiable Industry Trends

Spending in the security industry has stabilized over the last year as the U.S. Congress has continued to allocate money to fund homeland security initiatives including Department of Energy and Department of Defense programs. We expect this trend will continue for the foreseeable future. As a result, the level of new proposals continues and our committed backlog, including the IBDSS awards from the U.S. Air Force, is the largest backlog in our history. We cannot, however, assure you that we will complete any or all of the orders comprising our backlog within the anticipated time frame. Our experience has taught us that all of these anticipated releases and new contracts are subject to cancellation or delay, thus we cannot be certain of the total realized revenue amount of our backlog and do not even reference the total dollar amount of our present backlog or submitted proposals.

Our sales dependency has continued to shift from our President and Chief Executive Officer, Arthur Barchenko, to program and project managers to meet our revenue objectives. During the last year, we continued to mitigate the concentration of sales efforts by (i) engaging independent sales representatives to market our products and generate sales opportunities and (ii) expanding sales efforts through dealer-installers and system integrators in geographic regions on which we have not focused our resources in years past such as the Caribbean, Latin America, Egypt and the Middle East, China and Africa, where we are developing projects that management believes will result in ongoing revenue.

During the Fiscal 2009 period, we submitted bids on 22 new projects for work to be performed at our Clifton, New Jersey facilities. We cannot be certain that we will be successful in winning any of the bids tendered. Even if we do receive orders, contracts are subject to cancellation by customers upon short notice with little or no penalty, as is typical in our industry.

In June 2009, in an effort to reduce our manufacturing costs, we made the decision to consolidate our manufacturing and to move our FOIDS facility in Alabama into our New Jersey plant. Our lease for approximately 2,500 square feet in Madison, Alabama, rents for \$2,200 per month and expires in February 2010. As permitted under the terms of that lease, we have notified the lessor that we intend to terminate our lease effective September 30, 2009. We believe that the New Jersey facility is sufficient to meet our present and future requirements.

We believe these steps and others we expect to implement over the course of Fiscal Year 2010 will help us to achieve revenue stability with improved gross margins and consistent and steady growth in the years ahead.

We are committed to offering our customers comprehensive, integrated security systems that employ the latest technologies and address the most critical security requirements. The security industry continues to evolve rapidly as new technologies are developed specifically to meet security challenges and existing technologies are being adapted for new uses. In addition, the public and private sectors continue to analyze and distinguish new security risks and industry participants seek to develop technologies and products to fill these newly discerned requirements. We remain committed to pursuing teaming and OEM agreements that may add to our revenues and enhance both our product line and, ultimately, our ability to compete in our industry.

Business Outlook

As global economic prospects began to change during 2009, orders and commitments stabilized. Currently, proposals for new orders continue to grow. However, our historical results have taught us that the release of funds that support proposals may never be forthcoming. Furthermore, as is customary in the security industry, our contracts are subject to cancellation or delay at any time with little notice or penalty. Government based purchase orders which are subject to legislative appropriations are particularly sensitive to economic and political conditions. Thus, we cannot be certain of the total realized value and revenue which we will generate from committed orders. We expect to receive releases and task orders for a significant portion of our contract commitments sometime within the next four to eight months, although we cannot be certain that we will complete any or all of such orders within the anticipated time frame.

The security industry as a whole has not changed. The security market historically has been a product oriented opportunity for manufacturers, both within the United States and internationally. The difficulty the industry traditionally faced has been the ability to develop a standard security platform that would permit systems integrators to design a seamless interface between the multiple products and subsystems required to address threats in high-security environments. A number of companies are attempting to develop platforms that address seamless integration of multiple technologies. We expect this trend continuing for the foreseeable future, since the demand for integrated platforms will continue.

We recognized this trend early in our existence and to that end, we developed, marketed and installed integrated platforms which encompass multiple technologies. We continue to seek to improve our integrated systems and have retained a highly-competent systems oriented software programmer and two computer-oriented electronic engineers to further develop and enhance the integrated platform for current and future projects.

Business Approach

Over the last several years we have tried to develop contacts and relationships through our marketing programs and staff with clearly defined and targeted potential strategic partners. The strategic relationship framework provides a comprehensive and thorough mechanism for developing and implementing corporate strategy. Our advisory board determined early in our existence that, given our size and the criticality of our business situation, the strategic relationship framework would provide us with a non-resource exhaustive and more expedient and efficient means of entering new markets. This approach has met with considerable success and we continue to seek strategic alliances.

We believe we are positioned for economic success during Fiscal 2010 which should continue into 2011 and beyond. A number of factors contribute to this outlook.

- Our estimate that orders recently received, including nuclear power station security upgrades; Hanscom Air Force Base equipment purchases; and Honeywell, Sandia and Indyne relationships resulting in product purchase orders will yield significant sales in 2010.
- The conclusion of agreements with new strategic partners for the U.S. Navy base security upgrade program will be a source of material orders during Fiscal 2010 and for the next two years.
- We have entered into agreements with a number of large system integrators for the U.S. Air Force FPS² initiative as a technology supplier.

Recently Issued Accounting Pronouncements

In April 2009, the FASB issued FASB Staff Position No. 107-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP 107-1"), which amends Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments," to require disclosures about the fair value of financial instruments for interim reporting periods in addition to annual reporting periods. FSP 107-1 is effective for all interim and annual reporting periods ending after June 15, 2009.

In May 2009, the FASB issued SFAS No. 165 "Subsequent Events" ("SFAS 165"). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 sets forth (1) 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, (2) The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and (3) The disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 is effective for interim or annual financial periods ending after June 15, 2009. The Company performed a review for subsequent events through the date of this report. No recognized or non-recognized subsequent events were noted.

In June 2009, the FASB issued SFAS No. 166 "Accounting for Transfers of Financial Assets-an amendment of FASB Statement No. 140" ("SFAS 166"). SFAS 166 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. SFAS 166 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. The Company is evaluating the impact the adoption of SFAS 166 will have on its financial statements.

In June 2009, the FASB issued SFAS No. 167 "Amendments to FASB Interpretation No. 46(R)" ("SFAS 167"). SFAS 167 improves financial reporting by enterprises involved with variable interest entities and to address (1) the effects on certain provisions of FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities", as a result of the elimination of the qualifying special-purpose entity concept in SFAS 166 and (2) constituent concerns about the application of certain key provisions of Interpretation 46(R), including those in which the accounting and disclosures under the Interpretation do not always provide timely and useful information about an enterprise's involvement in a variable interest entity. SFAS 167 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. The Company is evaluating the impact the adoption of SFAS 167 will have on its financial statements.

In June 2009, the FASB issued SFAS No. 168 "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles-a replacement of FASB Statement No. 162". The FASB Accounting Standards Codification ("Codification") will be the single source of authoritative nongovernmental U.S. generally accepted accounting principles. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. SFAS 168 is effective for interim and annual periods ending after September 15, 2009. All existing accounting standards are superseded as described in SFAS 168. All other accounting literature not included in the Codification is non-authoritative. The Company is evaluating the impact the adoption of SFAS 168 will have on its financial statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 8. Financial Statements

The information called for by this Item 8 is included following the "Index to Financial Statements" contained in this Annual Report on Form 10-K.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A(T) Controls and Procedures.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our President and Chief Executive Officer (who also serves as our principal executive officer and principal financial and accounting officer) to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e).

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with participation of management, including our President and Chief Executive Officer (who also serves as our principal executive officer and principal financial and accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our President and Chief Executive Officer concluded that our disclosure controls and procedures were effective.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

The Company's management, including our principal executive officer who also serves as our principal financial and accounting officer, does not expect that our disclosure controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Our management, including our principal executive officer who also serves as our principal financial and accounting officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on his evaluation under the framework in *Internal Control - Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of June 30, 2009.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only management's report in this Annual Report.

During the year ended June 30, 2009, there have been no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, these controls.

Item 9B. Other Information.

None.

PART III

The information called for by Items 10, 11, 12, 13 and 14 will be contained in the Company's definitive proxy statement which the Company intends to file within 120 days after the end of the Company's fiscal year ended June 30, 2009 and such information is incorporated herein by reference.

Item 13. Exhibits

Exhibit No.	Description	Location Reference
3.1	Certificate of Incorporation of Electronic Control Security Inc.	1
3.2	Certificate of Amendment to Certificate of Incorporation of Electronic Control Security Inc.	2
3.3	Certificate of Amendment to Certificate of Incorporation	3
3.4	By-Laws of Electronic Control Security Inc.	1
3.5	Certificate of Incorporation of SEM Consultants III, Inc.	1
3.6	By-Laws of SEM Consultants III, Inc.	1
3.7	Certificate of Incorporation of ECSI International, Inc.	1
3.8	By-Laws of ECSI International, Inc.	1
3.9	Certificate of Incorporation of ECSI FOIDS, Inc.	1
3.10	By-Laws of ECSI FOIDS, Inc.	1
3.11	Certificate of Incorporation of ECSI-DSA, Inc.	1
3.12	By-Laws of ECSI-DSA, Inc.	1
3.13	Memorandum of Association of ECSI Security Communications, Inc., a Middle East Corporation	2
3.14	Articles of Association of ECSI Security Communications, Inc., a Middle East Corporation	2
4.1	Form of Common Stock Purchase Warrant issued June 30, 2004	3
4.2	Form of Common Stock Purchase Warrant issued January 13, 2006	4
4.3	Form of Senior Secured Convertible Debenture due January 11, 2009.	4
4.4	Registration Rights Agreement dated as of January 11, 2006, by and among Electronic Control Security Inc. and the investors specified therein.	4
10.1	Lease Agreement with 580 Brighton Road Associates for space in Clifton, New Jersey.	1
10.2	Securities Purchase Agreement dated June 30, 2004.	3
10.3	Registration Rights Agreement dated June 30, 2004.	3
10.4	Securities Purchase Agreement dated as of January 11, 2006, by and among Electronic Control Security Inc. and the purchasers named therein.	4
10.5	Security Agreement, dated January 11, 2006, by and among Electronic Control Security Inc. and the investors specified therein.	4
14.1	Code of Ethics and Business Conduct	4
31	Certifications of Chief Executive Officer.	6
32	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	6

* * * *

1. Incorporated by reference to such exhibit filed with Electronic Control Security Inc.'s Registration Statement on Form 10-SB filed with the Commission on February 16, 2001.
2. Incorporated by reference to such exhibit filed with Electronic Control Security Inc.'s Registration Statement on Form SB-2 filed with the Commission on June 6, 2002.
3. Incorporated by reference to such exhibit filed with Electronic Control Security Inc.'s Current Report on Form 8-K filed with the Commission on July 1, 2004.
4. Incorporated by reference to such exhibit filed with Electronic Control Security Inc.'s Current Report on Form 8-K filed with the Commission on January 18, 2006
5. Incorporated by reference to such exhibit filed with Electronic Control Security Inc.'s Current Report on Form 8-K filed with the Commission on March 8, 2005.
6. Filed as an Exhibit hereto.

SIGNATURES

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

By: /s/ Arthur Barchenko
Name: Arthur Barchenko
Title: President, Chief Executive Officer
(and Principal Financial and Accounting Officer)
Dated: September 30, 2009

In accordance with the Exchange Act, this report has been signed below by the following person on behalf of the registrant and in the capacities and on the dates indicated.

Person	Capacity	Date
/s/ Arthur Barchenko Arthur Barchenko	President, Chief Executive Officer (and Principal Financial and Accounting Officer) and Director	September 30, 2009
/s/ Natalie Barchenko Natalie Barchenko	Treasurer and Director	September 30, 2009
/s/ Edward Snow Edward Snow	Director	September 30, 2009
/s/ Stephen Rossetti Stephen Rossetti	Director	September 30, 2009
/s/ Gordon E. Fornell Gordon E. Fornell	Director	September 30, 2009
/s/ Ronald Thomas Ronald Thomas	Director	September 30, 2009

ELECTRONIC CONTROL SECURITY INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
With Report of Independent Registered Public Accounting Firm

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Electronic Control Security Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Electronic Control Security, Inc. and Subsidiaries as of June 30, 2009 and 2008, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for each of the two years in the period ended June 30, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Electronic Control Security, Inc. and Subsidiaries as of June 30, 2009 and 2008, and the consolidated results of their operations and cash flows for each of the two years in the period ended June 30, 2009 in conformity with accounting principles generally accepted in the United States of America.

DEMETRIUS & COMPANY, L.L.C.

Wayne, New Jersey
September 30, 2009

Electronic Control Security Inc.
 Consolidated Balance Sheets

	June 30,	
	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 15,735	\$ 72,592
Accounts receivable, current portion, net of allowance of allowance of \$100,000 and \$100,000, respectively	1,252,255	1,447,880
Accounts receivable, retainage	-	797,888
Inventories	2,145,133	2,152,533
Other current assets	121,579	337,461
Total current assets	<u>3,534,702</u>	<u>4,808,354</u>
Property, equipment and software development costs - net	212,115	306,788
Intangible assets - net	1,115,123	1,198,367
Goodwill	196,962	50,000
Deferred income taxes	442,450	460,750
Other assets	8,786	156,382
	<u>\$ 5,510,138</u>	<u>\$ 6,980,641</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,900,297	\$ 2,675,299
Current maturities of long-term debt	65,017	106,991
8% Convertible debentures (net of discounts of \$-0- and \$45,214)	452,500	444,786
Payroll taxes payable	0	613
Total current liabilities	<u>2,417,814</u>	<u>3,227,689</u>
Noncurrent liabilities		
Due to officers and shareholders	405,760	444,308
Deferred income taxes	48,650	66,950
Total liabilities	<u>2,872,224</u>	<u>3,738,947</u>
Shareholders' equity		
Series A Convertible Preferred stock, cumulative, \$.01 par value; \$2.00 liquidation preference; 5,000,000 shares authorized, 300,000 and 300,000 shares issued and outstanding, respectively	3,000	3,000
Series B 10% Convertible Preferred stock, cumulative, \$.001 par value; \$1,522 and \$1,485 per share liquidation preference; 2,000 shares authorized, 791 shares issued and outstanding, respectively	1	1
Common Stock, \$.001 par value; 30,000,000 shares authorized; 10,249,259 and 10,249,259 shares issued; 10,149,259 and 10,149,259 shares outstanding	10,249	10,249
Additional paid-in capital	12,921,154	12,735,943
Accumulated deficit	(10,291,280)	(9,502,288)
Accumulated other comprehensive income	4,790	4,790
Treasury stock, at cost, 100,000 shares	(10,000)	(10,000)
Total shareholders' equity	<u>2,637,914</u>	<u>3,241,694</u>
	<u>\$ 5,510,138</u>	<u>\$ 6,980,641</u>

See Notes to Consolidated Financial Statements.

Electronic Control Security Inc.
Consolidated Statements of Operations

	Year Ended June 30,	
	2009	2008
Revenues	\$ 3,472,696	\$ 2,916,410
Cost of revenues	<u>2,508,474</u>	<u>1,894,215</u>
Gross profit	<u>964,222</u>	<u>1,022,195</u>
Research and development	161,336	98,336
Selling, general and administrative expenses	1,318,910	1,201,211
Stock based compensation	<u>63,279</u>	<u>136,543</u>
Loss from operations	(579,303)	(413,895)
Other (income) expense		
Interest expense	147,526	200,472
Legal settlement	(69,696)	220,000
Amortization of beneficial conversion feature on convertible debt	<u>9,926</u>	<u>18,440</u>
Total other (income) expense	<u>87,756</u>	<u>438,912</u>
Loss before income taxes	(667,059)	(852,807)
Income taxes	-	-
Loss before dividends	(667,059)	(852,807)
Dividends related to convertible preferred stock	<u>121,933</u>	<u>110,751</u>
Net loss attributable to common shareholders	<u>\$ (788,992)</u>	<u>\$ (963,558)</u>
Net loss per share:		
Basic	<u>\$ (0.08)</u>	<u>\$ (0.10)</u>
Diluted	<u>\$ (0.08)</u>	<u>\$ (0.10)</u>
Weighted average number of common shares and equivalents:		
Basic	<u>10,149,259</u>	<u>10,044,762</u>
Diluted	<u>10,149,259</u>	<u>10,044,762</u>

See Notes to Consolidated Financial Statements.

Electronic Control Security Inc.
 Consolidated Statements of Changes in Shareholders Equity

	Series A Convertible Preferred Stock		Series B 10% Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income	Treasury Stock	Total	Comprehensive Income (Loss)
	Shares	Amount	Shares	Amount	Shares	Amount						
Balances at July 1, 2007	325,000	\$ 3,250	791	\$ 1	9,740,267	\$ 9,740	\$ 12,118,260	\$ (8,538,730)	\$ 4,790	\$ (10,000)	\$ 3,587,311	
Conversion of preferred stock	(25,000)	(250)			28,409	28	222					0
Dividend on preferred stock							110,751	(110,751)				0
Conversion of convertible debentures					17,892	18	13,379					13,397
Conversion of stockholder loan					200,000	200	149,800					150,000
Issuance of stock and warrants for services					23,400	23	17,752					17,775
Issuance of stock in lieu of amounts payable					239,291	239	189,236					189,475
Stock based compensation							136,543					136,543
Net loss								(852,807)			(852,807)	(852,807)
Balances at June 30, 2008	300,000	3,000	791	1	10,249,259	10,249	12,735,943	(9,502,288)	4,790	(10,000)	3,241,694	(852,807)
Dividend on preferred stock							121,933	(121,933)				0
Stock based compensation							63,279					63,279
Net loss								(667,059)			(667,059)	(667,059)
Balances at June 30, 2009	<u>300,000</u>	<u>\$ 3,000</u>	<u>791</u>	<u>\$ 1</u>	<u>10,249,259</u>	<u>\$ 10,249</u>	<u>\$ 12,921,154</u>	<u>\$ (10,291,280)</u>	<u>\$ 4,790</u>	<u>\$ (10,000)</u>	<u>\$ 2,637,914</u>	<u>\$ (667,059)</u>

See Notes to Consolidated Financial Statements.

Electronic Control Security Inc.
 Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2009	2008
DECREASE IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Net loss before deemed dividends	\$ (667,059)	\$ (852,807)
Adjustments to reconcile loss to net cash provided by operating activities:		
Depreciation and amortization	220,543	293,410
Stock based compensation	63,279	136,543
Amortization of beneficial conversion feature on convertible debt	9,926	18,440
Increase (decrease) in cash attributable to changes in		
Accounts receivable	993,513	(454,286)
Inventory	7,400	9,016
Other current assets	215,882	20,661
Other assets	634	232
Accounts payable and accrued expenses	(775,002)	885,835
Payroll taxes payable	(613)	(186)
Net cash provided by operating activities	68,503	56,858
Cash flows from investing activities:		
Acquisition of property plant and equipment	(7,338)	(2,120)
Net cash used in investing activities	(7,338)	(2,120)
Cash flows from financing activities:		
Proceeds from exercise of stock options and warrants	-	17,775
Principal payments on 8% Convertible debentures	(37,500)	
Payments on long-term debt	(41,974)	(29,681)
Loans from officers and shareholders - net	(38,548)	(28,347)
Net cash used in financing activities	(118,022)	(40,253)
Net increase (decrease) in cash and cash equivalents	(56,857)	14,485
Cash and cash equivalents at beginning of period	72,592	58,107
Cash and cash equivalents at end of period	\$ 15,735	\$ 72,592
Noncash financing and investing activities:		
Stock issued upon conversion of stockholder loan	\$ -	\$ 150,000
Stock issued upon conversion of debentures	\$ -	\$ 13,397
Stock issued in lieu of amounts payable	\$ -	\$ 189,475
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	\$ 76,763	\$ 72,820
Taxes	\$ -	\$ -

See Notes to Consolidated Financial Statements.

ELECTRONIC CONTROL SECURITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Nature of Operations

Electronic Control Security, Inc. (the "Company") is engaged in the design, manufacture and marketing of electronic security and lighting systems for high threat environments. The Company also performs consulting services, which consists principally of designing security system solutions in support of their technologies to system integrators, for medium to large government and commercial facilities worldwide.

In March 2005, the Company, through its wholly owned subsidiary, Clarion Sensing Systems Acquisition Corp, acquired all of the assets and assumed certain of the liabilities of Clarion Sensing Systems, Inc., an Indiana corporation ("Clarion"). Clarion is a provider of proprietary nuclear, biological, chemical and radiological (NBCR) remote monitoring sensor systems designed for air and water contamination detection sensing applications.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation

The financial statements include the accounts of the Company, its wholly owned subsidiaries, and its majority owned subsidiary. All significant inter-company accounts and transactions have been eliminated.

Accounts Receivable

Trade accounts receivable is recorded net of an allowance for expected losses. The allowance is estimated from historical performance and projections of trends.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market.

Property and Equipment and Depreciation

Depreciation is provided for by straight-line and accelerated methods over the estimated useful lives of the assets, which vary from three to ten years. Cost of repairs and maintenance are charged to operations in the period incurred.

Software Development Costs

Software development costs are expensed as incurred until technological feasibility is established. Software development costs incurred subsequent to establishing technological feasibility are capitalized and amortized. Amortization is provided based on the greater of the ratios that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product, or the straight-line method over the estimated useful life of the product. The estimated useful life for the straight-line method is determined to be 5 years. There were no software development costs for the years ended June 30, 2009 and 2008.

Earnings per Share

In determining basic or diluted earnings per share (EPS), the effects of dividends related to the Company's convertible preferred stock is added to the net loss.

Basic EPS is computed by dividing net income or net loss by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution from the exercise or conversion of other securities into common stock, but only if dilutive. The following securities have been excluded from the dilutive per share computation as they are antidilutive.

ELECTRONIC CONTROL SECURITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2009	2008
Stock options	1,442,000	1,124,500
Warrants	—	556,522
Convertible debentures	603,333	653,333
Convertible Preferred Stock	2,069,564	1,906,984

Foreign Currency Translation

The functional currency of the Company's foreign subsidiaries is the local currency. Accordingly, the Company translates all assets and liabilities into U.S. dollars at current rates. Revenues, costs, and expenses are translated at average rates during each reporting period. Gains and losses resulting from the translation of the consolidated financial statements are excluded from results of operations and are reflected as a translation adjustment and a separate component of stockholders' equity.

Gains and losses resulting from foreign currency transactions are recognized in the consolidated statement of operations in the period they occur.

Cash and Cash Equivalents

The Company considers all short-term deposits with a maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Long-lived assets

The Company records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets

Revenue Recognition

The Company recognizes product revenue at the time of shipment. Revenues from consulting and design services are recognized at the time the services are rendered.

The Company also provides professional and technical services under a specific contract, based on a time and material plus fixed profit basis. Revenue on this contract is recognized to the extent of costs incurred plus a proportionate amount of profit earned. Contract costs including indirect costs are subject to audit by agencies of the United States Government. Management believes future adjustments, if any, from government cost audits will not have a material effect on the financial statements.

Warranty Reserve

All of the Company's products carry a warranty and the Company maintains a reserve for warranty work based on historical experience and anticipation of possible warranty work.

ELECTRONIC CONTROL SECURITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Research and Development

Research and development expenditures are expensed as incurred. Research and development costs for the years ended June 30, 2009 and 2008 amounted to \$161,336 and \$98,336, respectively.

Income Taxes

The Company uses the liability method to determine its income tax expense as required under Statement of Financial Accounting Standards ("SFAS") No. 109 (SFAS 109). Under SFAS 109, deferred tax assets and liabilities are computed based on differences between financial reporting and tax basis of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets, if it is more likely than not that all or a portion of it will not be realized.

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48 "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109" ("FIN 48"). This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. This Interpretation is effective for fiscal years beginning after December 15, 2006. Interest and penalties, if any, related to income taxes are reported in Interest Expense and in Selling, General and Administrative Expenses. The application of this standard did not have a material effect on the Company's results of operations or its financial condition. During the year ended June 30, 2009, the Company recognized no adjustments from uncertain tax positions.

Intangible Assets

The cost of licenses, patents, and trademarks are being amortized on the straight-line method over their useful lives, ranging from 5 to 20 years.

Advertising Costs

Advertising costs are reported in selling, general and administrative expenses, and include advertising, marketing and promotional programs. These costs are charged to expense in the year in which they are incurred. Advertising costs for the years ended June 30, 2009 and 2008 were approximately \$-0- and \$10,300, respectively.

Shipping and Handling

Shipping and handling costs are recorded as costs of revenues and are approximately \$37,400 and \$18,700 for the years ended June 30, 2009 and 2008, respectively. The increase in shipping and handling costs is directly attributable to the United Nations project in Ethiopia.

Stock Based Compensation

Effective July 1, 2007, the Company adopted SFAS Statement of Financial Accounting Standards Statement No. 123(R) "Share Based Payment" ("SFAS 123(R)) utilizing the "modified prospective" method as described in SFAS 123(R). In the "modified prospective" method, compensation cost is recognized for all share-based payments granted after the effective date and for all unvested awards granted prior to the effective date. In accordance with SFAS 123(R), prior period amounts were not restated. SFAS 123(R) also requires the tax benefits associated with these share-based payments to be classified as financing activities in the Statement of Cash Flows, rather than operating cash flows as required under previous regulations. There was no effect to the Company's financial position or results of operations as a result of the adoption of this Standard.

ELECTRONIC CONTROL SECURITY, INC.
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Fair Value of Financial Instruments

The carrying values of cash, accounts receivable, accounts payable, accrued expenses and other current liabilities are representative of their fair value due to the short-term maturity of these instruments. The carrying value of the Company's long-term debt is considered to approximate its fair value, based on current market rates and conditions.

Recent Pronouncements

In April 2009, the FASB issued FASB Staff Position No. 107-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP 107-1"), which amends Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments," to require disclosures about the fair value of financial instruments for interim reporting periods in addition to annual reporting periods. FSP 107-1 is effective for all interim and annual reporting periods ending after June 15, 2009.

In May 2009, the FASB issued SFAS No. 165 "Subsequent Events" ("SFAS 165"). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 sets forth (1) 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, (2) The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and (3) The disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 is effective for interim or annual financial periods ending after June 15, 2009. The Company performed a review for subsequent events through the date of this report. No recognized or non-recognized subsequent events were noted.

In June 2009, the FASB issued SFAS No. 166 "Accounting for Transfers of Financial Assets-an amendment of FASB Statement No. 140" ("SFAS 166"). SFAS 166 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. SFAS 166 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. The Company is evaluating the impact the adoption of SFAS 166 will have on its financial statements.

In June 2009, the FASB issued SFAS No. 167 "Amendments to FASB Interpretation No. 46(R)" ("SFAS 167"). SFAS 167 improves financial reporting by enterprises involved with variable interest entities and to address (1) the effects on certain provisions of FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities", as a result of the elimination of the qualifying special-purpose entity concept in SFAS 166 and (2) constituent concerns about the application of certain key provisions of Interpretation 46(R), including those in which the accounting and disclosures under the Interpretation do not always provide timely and useful information about an enterprise's involvement in a variable interest entity. SFAS 167 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. The Company is evaluating the impact the adoption of SFAS 167 will have on its financial statements.

ELECTRONIC CONTROL SECURITY, INC.
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In June 2009, the FASB issued SFAS No. 168 "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162". The FASB Accounting Standards Codification ("Codification") will be the single source of authoritative nongovernmental U.S. generally accepted accounting principles. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. SFAS 168 is effective for interim and annual periods ending after September 15, 2009. All existing accounting standards are superseded as described in SFAS 168. All other accounting literature not included in the Codification is non-authoritative. The Company is evaluating the impact the adoption of SFAS 168 will have on its financial statements.

Note 3 - Inventories

Inventories at June 30, 2009 and 2008 consist of the following:

	2009	2008
Raw materials	\$ 335,418	\$ 358,877
Work-in-process	232,426	467,297
Finished goods	1,577,289	1,326,359
	<u>\$ 2,145,133</u>	<u>\$ 2,152,533</u>

Note 4 – Property, Equipment and Software Development Costs

Property, equipment and software development costs consist of the following:

	2009	2008
Furniture and fixtures	\$ 70,551	\$ 70,551
Machinery and equipment	865,850	858,512
Improvements	23,008	23,008
Software	106,415	106,415
Software development costs	526,760	526,760
	1,592,584	1,585,246
Less: accumulated depreciation and amortization	1,380,469	1,278,458
	<u>\$ 212,115</u>	<u>\$ 306,788</u>

Depreciation expense was \$102,011 and \$143,808 for the years ended June 30, 2009 and 2008, respectively.

Note 5 – Intangibles

	June 30, 2009		June 30, 2008	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Licenses	\$ 74,000	\$ 61,933	\$ 74,000	\$ 50,467
Patent	852,793	203,111	852,793	156,240
Trademarks	577,263	125,073	577,263	96,210
Other	8,881	7,697	8,881	5,920
	<u>\$ 1,512,937</u>	<u>\$ 397,814</u>	<u>\$ 1,512,937</u>	<u>\$ 314,570</u>

ELECTRONIC CONTROL SECURITY, INC.
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Amortization expense charged to operations was \$83,245 for each of the years ended June 30, 2009 and 2008. Future annual amortization expense for the licenses and other intangible assets is expected to be approximately \$9,300 for the next .5 years and \$75,700 for the patents and trademarks through 2022, their estimated remaining useful lives.

In January 2009, the Company agreed to release the minority shareholders of its Middle East subsidiary of all claims, including amounts receivable from them in the amount of \$146,962 in exchange for their shares in the subsidiary. The Company recorded this additional investment in the subsidiary as Goodwill.

Note 6 - Long-Term Debt

In connection with the Clarion acquisition, the Company assumed an existing loan in the amount of \$95,300. The loan was payable in 34 monthly installments of \$2,750 plus interest at the rate of prime plus 1/2% per annum. The balance was fully satisfied in fiscal 2009.

In fiscal 2008, the Company financed the purchase of equipment from a vendor in the amount of \$101,762, evidenced by a note bearing interest at the rate of 8%. As the Company purchases product from the vendor a portion of each invoice will be charged to reduce the note balance. Management expects that the note will be repaid over the next 12 months. Collateral for the note is the underlying equipment. The balance in the note at June 30, 2009 was \$65,017.

Note 7 - Convertible Debentures

In January 2006, the Company completed a private placement of \$1 million in principal amount of its Senior Secured Convertible Debentures ("the Debentures"). At closing, the Company received net proceeds of approximately \$831,000 from the proceeds of the Debentures, after the payment of offering related fees and expenses. The Company's obligations with respect to the Debentures are secured by a lien on all of the assets of the Company, including its intellectual property. The Debentures have a term of three years and were originally convertible at the option of the holder at any time into shares of the Company's common stock, par value \$0.001 per share (the "Common Stock") at an original conversion price of \$1.15 per share at issuance (which, as reflected below, has since been adjusted), subject to certain adjustments. Interest is payable on a quarterly basis at a rate equal to the greater of 8% per annum or the prime rate for the applicable interest period plus 2.5%. At the option of the Company, interest payments are payable either in cash or in shares of Common Stock (provided there is an effective registration statement at the time of payment), subject to certain conditions. The Company elected to pay the interest in cash.

Investors in the private placement received three-year warrants to purchase up to an aggregate of 434,783 shares of the Company's Common Stock at a per share exercise price of \$2.00 (the "Warrants"). The Warrants may be exercised on a cashless basis following the first anniversary of issuance if a registration statement covering the Common Stock issuable upon exercise of the Warrants is not in effect at the time of exercise.

In connection with the financing the Company paid to two placement agents, a cash fee in the aggregate amount of \$72,500 and also to such persons three-year warrants to purchase an aggregate of 121,739 shares of common Stock at a per share exercise price of \$2.00 and otherwise on substantially the same terms as the Warrants issued to the investors, including without limitation, expiration date, potential adjustments and cashless exercise rights.

ELECTRONIC CONTROL SECURITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For financial reporting purposes, the Company recorded a discount of \$223,096 to reflect the value of the Warrants and a discount of \$193,350 to reflect the value of issuance costs and will be amortizing this amount to the earlier of the date of conversion or maturity. In addition, in accordance with EITF No. 00-27, the Company recorded additional discount on the debentures of \$118,748 to reflect the beneficial conversion feature of the debt and is amortizing this amount to the date of maturity. The amortization of the discounts and beneficial conversion amounted to \$45,214 and \$84,803, respectively, for the years ended June 30, 2009 and 2008.

In May 2006, in connection with the execution of the factoring agreement the conversion price and exercise price of the Debentures and Warrants were reduced to \$0.75

Prior to fiscal 2008, a total of \$500,000 in principal was converted into 666,666 shares of the Company's Common stock and in fiscal 2008 an additional \$13,397 in principal was converted into 17,892 shares of the Company's common stock.

All of the Warrants issued in connection with this offering have since expired unexercised.

The principal owing on the debentures became due as of January 11, 2009 but was not repaid. The Company and the debenture holders are currently holding discussions to consider various proposals designed to address this issue. No assurance can be provided that the Company and the debenture holders will in fact be able to reach a resolution of this matter. Although no definitive agreement has been reached, in April 2009, the Company commenced principal repayments at the rate of \$12,500 per month. Interest expense amounted to \$38,352 for the year ended June 30, 2009 and has been paid in full as of June 30, 2009.

Note 8 - Due to Officers and Shareholders

These amounts represent interest bearing advances and are due on demand. At the present time, the officers and shareholders do not contemplate requesting repayment of these loans within the next fiscal year. On July 11, 2007, \$150,000 of the outstanding loan balance was converted in 200,000 shares of the Company's common stock.

Note 9 - Legal Settlement

In October 2007, the Company entered into a settlement agreement with one of its vendors. Under the agreement, the Company was required to pay \$200,000 and issue 20,000 shares of its Common Stock. Of the cash portion, the Company remitted \$20,000 up front and assigned the right to receive \$180,000 from certain contract retainages. The Company has also agreed that, commencing one year from the date of issuance, it may be required to buy back the stock issued for \$20,000. As of this date the company is current in meeting its obligations.

On December 22, 2006, a former employee and shareholder of Clarion filed a complaint against the Company for breach of employment contract and asset purchase agreement. Damages were sought in excess of \$300,000. As of October 30, 2008, the parties agreed to settle the matter for \$52,367. The settlement included an initial payment of \$16,367 and \$2,000 per month for 18 months and \$2,937 of legal fees. The Company is current with its payments.

In June 2006, the Company filed suit against the manufacturer of plastic housing for one of our sensor products due to the housings being defective. In June 2009, an arbitration decision was made in the Company's favor against Bennett Plastics in the amount of \$148,000. However, based on the financial condition of Bennett Plastics, we were advised by counsel to negotiate an immediate cash settlement of \$125,000 which we negotiated and settled on June 26, 2009. We also negotiated and settled all outstanding attorney fees owed to Lasser Hochman, LLC as part of the settlement.

ELECTRONIC CONTROL SECURITY, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10 - Income Taxes

The provision for taxes for the year ended June 30, 2009 and 2008 includes the following components:

	2009	2008
Current		
Federal	\$ -	\$ -
State	-	-
Foreign	-	-
Deferred		
Federal	-	-
State	-	-
Foreign	-	-
	<u>\$ -</u>	<u>\$ -</u>

The components of the deferred tax accounts as of June 30, 2009 and 2008 are as follows:

	2009	2008
Deferred tax assets		
Net operating loss carryforward	\$ 2,271,322	\$ 2,068,631
Stock based compensation	184,326	159,014
Other	44,000	44,001
	<u>2,499,648</u>	<u>2,271,646</u>
Deferred tax liabilities		
Depreciation and amortization	48,693	67,162
Subtotal	2,450,955	2,204,484
Valuation allowance	<u>(2,057,155)</u>	<u>(1,810,684)</u>
Net deferred tax assets	<u>\$ 393,800</u>	<u>\$ 393,800</u>

The valuation allowance at June 30, 2007 was \$1,649,197.

The reconciliation of estimated income taxes attributed to operations at the statutory tax rates to the reported income tax benefit is as follows:

	2009	2008
Expected federal tax at statutory rate	\$ (253,491)	\$ (326,710)
State taxes, net of federal tax effect	(44,711)	(57,790)
Foreign rate differential	(23)	(23)
Non deductible expenses	69,013	77,986
Change in valuation allowance	229,212	307,487
Other	-	-
	<u>\$ -</u>	<u>\$ -</u>

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At June 30, 2009, the Company had net operating loss carryforwards for federal and state income tax purposes of \$4,870,973 and \$4,723,769 respectively, expiring through 2030. The Company has foreign net operating loss carryforwards of \$607,032 with no expiration date.

The Company and its subsidiaries have adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN48) effective July 1, 2007. The Company has identified its federal consolidated tax return as a "major" taxing jurisdiction as defined under FIN 48. At June 30, 2009, the company has evaluated its tax filings with this major tax jurisdiction for the fiscal years 2006 through 2009. These years remain open and can be subjected to an examination. Based on its evaluation, the Company believes that its income tax filing positions and deductions would be sustained under examination; and does not anticipate any adjustments would result in a material change in its financial position. Therefore, no allowances for uncertain income tax positions, including interest and penalties, were required to be recorded at June 30, 2009 pursuant to FIN 48. Additionally, no cumulative effect of an accounting change resulted from the Company's initial adoption of this FASB Interpretation.

Note 11- Shareholders' Equity

Series A Convertible Preferred Stock

In January to March 2002, the Company realized gross proceeds of \$2,000,000 from the private placement of 40 Units, each Unit consisting of 25,000 shares of Series A Convertible Preferred Stock ("Series A Preferred") and 12,500 common stock purchase Warrants. The Series A Preferred provides for an annual dividend of \$.20 per share, payable quarterly, (payable in cash or shares of common stock valued at \$2.00 per share), when, as and if declared by the Board of Directors. Dividends will be paid on a cumulative basis. Each Series A Preferred share was initially convertible at the option of the holder into one common share, commencing 120 days after closing. The conversion ratio is subject to certain adjustments, as defined and has since been adjusted to .88 Series A Preferred shares for one common share. The Series A Preferred shares have a liquidation preference in the amount of \$2.00 per share and the Company may redeem them commencing one year from date of issuance if the common shares have traded at or above \$4.00 for a period of twenty consecutive trading days. All of the Warrants issued in connection with this offering have since expired unexercised.

As of June 30, 2009, 700,000 shares of Series A Preferred were converted into a like amount of common stock.

Cumulative but undeclared dividends at June 30, 2009 total approximately \$240,000.

Series B Convertible Preferred Stock

On June 30, 2004, the Company completed a private placement of 2,000 shares of its 10% Series B Convertible Preferred Stock ("Series B Preferred") and warrants to purchase up to 2,000,000 shares of common stock for an aggregate purchase price of \$2,000,000. The Preferred Stock provides for a dividend at the rate of 10% per annum, payable quarterly, (payable in cash or by adding the dollar amount of such dividends to the Stated Value), dividends will be paid on a cumulative basis. The preferred shares have a liquidation preference in the amount of \$1,000 per share and have preference to any payments to the Preferred A shareholders. Each preferred share is convertible at the option of the holder into 1,000 shares of common stock. The conversion price is subject to anti-dilution adjustments, including, among other things, in the event that the Company sells common stock during the next three years for a price of less than one dollar per share. The Company may require the conversion of all (but not less than all) of the then outstanding shares of Series B Preferred Stock, if at any time the volume weighted average trading price per share of common stock for each of 20 consecutive trading days prior to a conversion notice is greater than \$2.50 (subject to adjustment), and the daily trading volume of the common stock is at least 100,000 shares. In addition all shares of common stock underlying the Series B Preferred Stock must be covered by an effective registration statement.

ELECTRONIC CONTROL SECURITY, INC.
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The Warrants are exercisable for a period of four years from the date of issuance at an exercise price per share of \$1.00 per share and have similar anti-dilution privileges as the Series B Preferred Stock. The Company may call the Warrants if the volume weighted average trading price per share of common stock for each of 20 consecutive trading days is greater than 200% of the exercise price, and the daily trading volume of the common stock is at least 100,000 shares. In addition all shares of common stock underlying Warrants must be covered by an effective registration.

In May 2006, in connection with the reset of the conversion and exercise price of the Debentures and Warrants discussed in Note 8 above, the conversion and exercise prices of the Series B Preferred and the accompanying warrants were reduced to \$.75. All of the Warrants issued in connection with this offering have since expired unexercised.

Stock Option Plans

Incentive Stock Option Plan

In 1986, the Company adopted an Incentive Stock Option Plan, which was renewed in 1996 for a second ten-year term. The Company initially had reserved 1,000,000 shares of common stock for issuance under the Incentive Stock Option Plan, which was increased to 2,000,000 shares upon the approval of the stockholders at the 2005 annual meeting. The board of directors administers the Incentive Stock Option Plan but may delegate such administration to a committee of three persons, one of whom must be a member of the board. The board or the committee has the authority to determine the number of stock options to be granted, when the stock options may be exercised and the exercise price of the stock options, provided that the exercise price may never be less than the fair market value of the shares of the common stock on the date the stock option is granted (110% in the case of any employee who owns more than 10% of the combined voting power or value of all classes of stock). Stock options may be granted for terms not exceeding ten years from the date of the grant, except for stock options granted to any person holding in excess of 5% of our common stock, in which case the stock options may not be granted for a term not to exceed five years from the date of the grant. The Incentive Stock Option Plan expired in September 2006.

Equity Incentive Plan

In October 2006, the Board adopted the Equity Incentive Plan, which was approved by the shareholders at the annual meeting of shareholders held in December 2006. The Equity Incentive Plan is intended to succeed the Incentive plan, which expired in September 2006. 2,000,000 shares are reserved for issuance under the Equity Incentive Plan. The Equity Incentive Plan will be administered by the Board of Directors or, at the discretion of the Board, by a committee consisting of at least two directors. The administering body, whether it be the Board of Directors or a committee of the type described above, is sometimes referred to as the "Committee." The Committee is authorized from time to time to select and to grant awards under the Equity Incentive Plan to such key employees, non-employee directors, and consultants of the Company and its subsidiaries as the Compensation Committee, in its discretion, selects. The Compensation Committee is authorized to delegate any of its authority under the Equity Incentive Plan (including the authority to grant awards) to such executive officers of the Company as it thinks appropriate and is permitted by Rule 16B-3 of the Exchange Act and Section 162 (m) of the Code. The Equity Incentive Plan allows for the grant of a number of different types of awards, including incentive and non-statutory stock options, stock appreciation rights, restricted stock grants, performance units, cash payments and other stock-based awards.

ELECTRONIC CONTROL SECURITY, INC.
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Non-Statutory Stock Option Plan.

The Company also adopted a Non-Statutory Stock Option Plan and have reserved 250,000 shares of common stock for issuance to directors, employees and non-employees. Stock options granted pursuant to this plan will be non-transferable and expire, if not exercised within five years from the date of the grant. Stock options will be granted in such amounts and at such exercise prices as our board of directors may determine.

Option activity for 2009 and 2008 is summarized as follows:

	<u>Options</u>	<u>Weighted Average Exercise Price</u>
Options outstanding, July 1, 2007	999,500	\$.89
Granted	125,000	.75
Exercised		
Forfeited	—	—
Options outstanding, June 30, 2008	1,124,500	.88
Granted	460,000	\$.17
Forfeited	(142,500)	.81
Options outstanding, June 30, 2009	<u>1,442,000</u>	<u>\$.66</u>
Aggregate intrinsic value	<u>\$ 11,200</u>	
Exercisable at June 30, 2009	<u>1,404,500</u>	<u>\$.66</u>
Shares of common stock available for future grant under the plans	<u>808,000</u>	

The aggregate intrinsic value on this table was calculated based on the positive difference between the closing market price of the Company's common stock and the exercise price of the underlying options. There were no option exercises in fiscal 2008 or 2009.

ELECTRONIC CONTROL SECURITY, INC.
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The following table summarizes information about stock options outstanding at June 30, 2009.

Ranges of price	Number Outstanding	Weighted Average		Options Exercisable	
		Remaining Contractual Life	Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$.07	140,000	8.03	\$.07	140,000	\$.07
\$.22	320,000	7.37	\$.22	320,000	\$.22
\$.30	40,000	2.11	\$.30	40,000	\$.30
\$.75	537,000	5.84	\$.75	499,500	\$ 0.75
\$1.00-1.07	180,000	5.15	\$ 1.02	180,000	\$ 1.02
\$1.20	225,000	5.56	\$ 1.20	225,000	\$ 1.20
\$1.20-\$1.20	1,442,000	6.16	\$.66	1,404,500	\$.66

The fair value of each option grant is estimate on the date of grant using the Black-Scholes option-pricing model. The Company uses historical data to estimate expected volatility, the period of time that option grants are expected to be outstanding, as well as employee termination behavior. The risk-free rate is based on the U.S. Treasury yield in effect at the time of grant for the estimated life of the option. The following weighted-average assumptions were used to estimate the fair value of options granted during the fiscal years ended June 30, 2009 and 2008.using the Black-Scholes option-pricing:

	2009	2008
Risk free interest rate	2.26%	3.02%
Expected life	4.63	4.5
Expected volatility	118.0%	119.0%
Dividend yield	0%	0%
Weighted-average grant date fair value per share	\$ 0.10	\$ 0.22

As of June 30, 2009, there was \$28,046 of total unrecognized compensation cost related to nonvested options granted. That cost is expected to be recognized over a weighted-average period of 1.5 years.

Escrow Shares

In connection with purchase of the Clarion Assets, the Company issued 394,682 shares of its Common Stock. The Shares are being held in escrow pursuant to the terms of an escrow agreement among ECSI, Clarion and the Clarion Stockholders in order to indemnify the Company from and against, any adverse consequences which may result from an inaccuracy in or breach of any representation, warranty, covenant or other provision set forth in any of the Asset Purchase Agreement or related agreements. During such time as the Shares are held in escrow, they shall be entitled to participate in any dividends or other distributions upon the common stock and to vote (as directed by a representative of the Clarion Stockholders) in all matters presented to holders of common stock but shall not be assignable or transferable, other than by operation of law.

The Shares were to be released from escrow for distribution to the Clarion Stockholders upon the earlier of (i) March 3, 2008 or (ii) after the fiscal year in which the Subsidiary achieved sales in excess of \$3,000,000 and net earnings before taxes in excess of \$600,000. Based upon a breach of the terms and conditions of the Escrow Agreement noted in the paragraph above, a legal notification was sent to the officers, directors and investors of Clarion Sensing Systems in March and April of 2008, and the shares have been returned to Treasury.

ELECTRONIC CONTROL SECURITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12 - Concentrations and Economic Dependency

The Company had three customers that accounted for 40%, 27% and 10%, respectively of net revenues for year ended June 30, 2009 and 26%, 22% and 10%, respectively, of net revenues for year ended June 30, 2008. Two customers accounted for 74% of the accounts receivables as of June 30, 2009. At June 30, 2009 approximately 18% of accounts receivable were from foreign customers. The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers.

During the year, the Company had cash deposits in a bank in excess of FDIC limits. The Company periodically reviews the financial condition of the bank to minimize its exposure.

Note 13 – Commitments and Contingencies

Lease Agreements

Future minimum annual rental payments required under non-cancelable operating leases for years after June 30, 2009 are as follows:

2010	\$	93,787
2011		98,477
2012		103,400
2013		108,570
Thereafter		629,913
	\$	<u>1,034,147</u>

Rent expense under all operating leases was \$108,082 and \$116,281 for the years ended June 30, 2009 and 2008.

License Agreement

The Company has acquired intellectual property, equipment and a tooling license from Mason & Hanger National, Inc. and a patent license from Lucent Technologies, Inc. for the Fiber Optic Intelligence Detection Systems (FOIDS®). In conjunction with these two license agreements whereby royalties totaling 5.4% are due on revenues from the Fiber Optic Intelligence Detection System (FOIDS®).

Contingent Liabilities

On March 4, 2005, the Company, through its wholly owned subsidiary, Clarion Sensing Systems Acquisition Corp.(the "Subsidiary"), entered into a series of agreements with Clarion Sensing Systems, Inc., an Indiana corporation ("Clarion"), and its stockholders (the "Clarion Stockholders") to acquire all of Clarion's assets (the "Clarion Assets") and assume certain of its liabilities. In addition to the initial cost of the acquisition, the Company agreed to assume \$438,959 of certain liabilities of Clarion on a contingent basis. The Subsidiary will be obligated to pay the Contingent Liabilities, if at all, only if the Subsidiary achieves (A) sales in excess of \$3,000,000 ("3,000,000 in Sales") and/or (B) net earnings before taxes in excess of \$600,000 ("600,000 in Net Earnings") in one of its fiscal years beginning within three (3) years of March 4, 2005. In the event 3,000,000 in Sales are achieved but 600,000 in Net Earnings are not achieved, then 10% of the Subsidiary's net earnings before taxes earned during such fiscal year shall be utilized to pay the Contingent Liabilities. In the event 600,000 in Net Earnings are achieved (whether or not 3,000,000 in Sales are achieved), then (I) all net earnings before taxes in excess of \$600,000 earned during such fiscal year plus (II) 10% of the Subsidiary's net earnings before taxes earned during such fiscal year, shall be utilized to pay the Contingent Liabilities. If the Contingent Liabilities are not paid in full and 3,000,000 in sales or 600,000 in net earnings occurs in one or more subsequent fiscal years, then net earnings before taxes with respect to such fiscal years shall be utilized to pay the Contingent Liabilities in the manner set forth in the preceding two sentences until such time, if ever, the Contingent Liabilities are paid in full. Any amounts shall be payable in cash or shares of common stock (valued as of the closing ask price on the date of issuance) as the recipient shall direct.

ELECTRONIC CONTROL SECURITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company anticipates the contingent payments made, if any, will be treated as additional purchase price and included as an addition to the identifiable intangible assets. As of June 30, 2009, the Company is not liable for any contingent payments and, therefore, has not accrued any at this time. The Company will continue to assess its liability under the contingent payment arrangement in each successive quarter, and will record additional purchase price through an increase to intangible assets, if and when a liability is realized.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements

Contract costs, including indirect costs, are subject to audit by agencies of the United States Government. Contract costs incurred through June 30, 2008 are currently being audited. Management believes future adjustments, if any, from government cost audits will not have a material effect on the financial statements.

Note 14 – Geographic Data

The Company currently operates in the United States and the Middle East. The following is a summary of local operations by geographic area:

	<u>U.S.</u>	<u>% of total</u>	<u>Middle East</u>	<u>% of total</u>
For the year ended				
June 30, 2009				
Revenue	\$ 3,472,696	100.00%	\$ —	—
Operating loss	(535,487)	92.44%	(43,816)	7.56%
Identifiable assets	5,243,791	94.85%	284,647	5.15%
For the year ended				
June 30, 2008				
Revenue	\$ 2,916,410	100.00%	\$ —	—
Operating loss	(413,509)	99.91%	(386)	.09%
Identifiable assets	6,618,698	94.82%	361,943	5.18%

Note 15 – Related Party Transactions

The Company made non-interest bearing advances that are due on demand to a former officer and director of the Company. The balances outstanding at June 30, 2009 and 2008 was \$50,250.

Exhibit 31

CERTIFICATIONS

I, Arthur Barchenko, certify that:

1. I have reviewed this annual report on Form 10-K of Electronic Control Security Inc. for the year ended June 30, 2009;
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 are made, not misleading with respect to the period covered by this annual 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and I have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 small business issuer's disclosure controls and procedures and presented in this report my 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. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of the registrant 's Board of Directors:
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; 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.

SIGNATURE

TITLE

DATE

/s/ Arthur Barchenko

President, Chief Executive Officer (and

September 30, 2009

Arthur Barchenko

Principal Financial and Accounting Officer)
and Director

EXHIBIT 32

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

In connection with the Annual Report of Electronic Control Security Inc. (the "Company") on Form 10-K for the period ended June 30, 2009 as filed with the Securities and Exchange on the date hereof (the "Report"), the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report 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.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
/s/ Arthur Barchenko	President, Chief Executive Officer (and	September 30, 2009
Arthur Barchenko	Principal Financial and Accounting Officer) and Director	

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form with the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This fax cover sheet is NOT part of the official filing and is meant as a courtesy only. Please disregard this page if you plan to submit changes via email. Email is the preferred method for submitting changes.

Fax Cover Sheet

To:	Rudy Singh	From:	
Fax:	646-349-9655	Phone:	
Phone:	(212) 730-4303	Pages:	
Project:	v161300	Form Type:	10-K
Client:	Electronic Control Security Inc.		

Comments: