CYALUME TECHNOLOGIES HOLDINGS, INC.

FORM 10-Q
(Quarterly Report)

Filed 11/13/08 for the Period Ending 09/30/08

Address	96 WINDSOR STREET,
	WEST SPRINGFIELD, MA 01089
Telephone	(413) 858-2500
CIK	0001335293
Symbol	CYLU
SIC Code	3640 - Electric Lighting And Wiring Equipment
Fiscal Year	12/31

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

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2008.

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

Commission File Number: 000-52247

VECTOR INTERSECT SECURITY ACQUISITION CORP.
(Exact name of registrant as specified in its charter)

Delaware	**20-3200738**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

65 Challenger Road, Ridgefield Park, NJ
(Address of Principal Executive Offices including Zip Code)

(201) 708-9801
(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of ''accelerated filer and large accelerated filer'' in Rule 12b-2 of the Exchange. (Check one):

Large Accelerated Filer ☐ Accelerated Filer ☐

Non-Accelerated Filer ☐ (Do not check if a smaller reporting company) Smaller Reporting Company ☒

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

There were 9,968,750 shares of the Registrant's common stock issued and outstanding as of November 12, 2008.

Vector Intersect Security Acquisition Corp.

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PART I — FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS (UNAUDITED).

Vector Intersect Security Acquisition Corp.
(a corporation in the development stage)
Balance Sheets
As of September 30, 2008 and December 31, 2007

	September 30, 2008 (Unaudited)	December 31, 2007 (Audited)
ASSETS		
Current assets:		
Cash	$ 86,858	$ 569,723
Investment in trust account	58,708,365	58,309,161
Prepaid Expenses	9,344	94,444
Total current assets	58,804,567	58,973,328
Deferred Acquisition Cost	274,736	–
Total assets	$ 59,079,303	$ 58,973,328
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Deferred underwriting fees	$ 2,340,000	$ 2,340,000
Accounts payable and accrued expenses	129,995	79,024
Accrued interest on notes payable, stockholders	23,852	9,481
Income taxes payable	–	85,000
Due to stockholders	8,820	8,820
Notes payable, stockholders	55,000	205,000
Total current liabilities	2,557,667	2,727,325
Common Stock, subject to possible redemption, 1,462,499 shares	11,275,867	11,144,242
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, $0.001 par value		
Authorized 1,000,000 shares; none issued	–	–
Common stock, $0.001 par value		
Authorized 50,000,000 shares		
Issued and outstanding 1,875,000 shares and 9,375,000 at December 31, 2006 and September 30, 2007	9,375	9,375
Additional paid-in-capital	44,308,108	44,439,734
Earnings accumulated during the development stage	928,286	652,652
Total stockholders' equity	45,245,769	45,101,761
Total liabilities and stockholders' equity	$ 59,079,303	$ 58,973,328

See notes to financial statements.

Vector Intersect Security Acquisition Corp.
(a corporation in the development stage)
Statements of Income
(Unaudited)

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	For the period from July 19, 2005 (inception) to Sept. 30, 2008
Interest Income	$ 899,226	$ 861,202	$ 286,642	$ 518,768	$ 2,246,148
Operating expenses	637,279	267,107	225,144	142,832	1,216,969
Income before interest expense and income taxes	261,947	594,095	61,498	375,936	1,029,179
Interest expense-related party	4,371	26,152	1,540	15,073	32,589
Income before provision for income taxes	257,576	567,943	59,958	360,863	996,590
Provision for income taxes (benefit)	(18,058)	121,500	2,180	91,100	68,304
Net income for the period	$ 275,634	$ 446,443	$ 57,778	$ 269,763	$ 928,286
Weighted average shares outstanding -					
Basic	9,375,000	6,082,418	9,375,000	9,375,000	5,205,731
Diluted	11,896,460	7,411,104	11,944,844	11,759,038	10,295,599
Net income per share – Basic	$ 0.03	$ 0.07	$ 0.01	$ 0.03	$ 0.18
Net income per share – Diluted	$ 0.02	$ 0.06	$ 0.00	$ 0.02	$ 0.09

See notes to financial statements.

Vector Intersect Security Acquisition Corp.
(a corporation in the development stage)
Statement of Stockholders Equity (deficit)

	Common Stock		Additional	Deficiency Accumulated During the Development	Total Stockholders' Equity
	Shares	Amount	Paid-in capital	Stage	(Deficit)
Common shares issued July 19, 2005 at (inception) at $0.0133	1,875,000	$ 1,875	$ 23,125	$ –	$ 25,000
Net loss for the period	–	–	–	(67,116)	(67,116)
Balances at December 31, 2005	1,875,000	$ 1,875	$ 23,125	$ (67,116)	$ (42,116)
Net loss for the period	–	–	–	(77,534)	(77,534)
Balances at December 31, 2006	1,875,000	1,875	23,125	(144,650)	(119,650)
Proceeds of private placement- April 25, 2007	187,500	187	1,499,813	–	1,500,000
Common shares issued June 30, 2007 @$8 per share	7,312,500	7,313	58,492,687	–	58,500,000
Expenses of the Offering	–	–	(4,431,649)	–	(4,431,649)
Proceeds subject to possible redemption of 1,462,499 shares	–	–	(11,144,242)	–	(11,144,242)
Net income for the period	–	–	–	797,302	797,302
Balances at December 31, 2007	9,375,000	9,375	44,439,734	652,652	45,101,761
Adjustment to value of shares subject to possible redemption			(131,626)		(131,626)
Net income for the period				275,634	275,634
Balances at September 30, 2008	9,375,000	$ 9,375	$ 44,308,108	$ 928,286	$ 45,245,769

See notes to financial statements.

Vector Intersect Security Acquisition Corp.
(a corporation in the development stage)
Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007	For the Period From July 19, 2005 (Inception) to September 30, 2008
Cash flows from operating activities			
Net income	$ 275,634	$ 446,443	$ 928,286
Adjustments to reconcile net income to net cash provided by operating activities			
Deferred Acquisition Cost	(274,736)	—	(274,736)
Prepaid Expenses	85,100	(122,778)	(9,344)
Accounts payable and accrued expenses	50,970	(122,853)	129,995
Income tax payable	(85,000)	121,500	—
Accrued interest on notes payable, stockholders	14,371	4,257	23,852
Net cash provided by (used in) operating activities	66,339	326,569	798,053
Cash flows from investing activities:			
Payment to trust account	(399,204)	(58,280,433)	(58,708,365)
Net cash used in investing activities	(399,204)	(58,280,433)	(58,708,365)
Cash flows from financing activities			
Proceeds from advances from stockholder	—	(22,949)	8,820
Proceeds from sale of shares of common stock	—	—	25,000
Proceeds from notes payable, stockholders	—	(143,791)	348,791
Repayment of notes payable, stockholders	(150,000)	—	(293,791)
Proceeds from private placement	—	1,500,000	1,500,000
Proceeds from initial public offering	—	58,500,000	58,500,000
Payment of expenses of offering	—	(1,659,311)	(2,091,650)
Net cash provided by financing activities	(150,000)	58,173,949	57,997,170
Net increase (decrease) in cash	(482,865)	220,085	86,858
Cash, beginning of period	569,723	24,279	—
Cash, end of period	$ 86,858	$ 244,364	$ 86,858
Supplemental disclosure of cash flow information			
Cash paid for interest	$ —	$ —	8,734
Supplemental schedule of non-cash financing activities:			
Accrual of deferred underwriting costs	$ —	$ 2,340,000	$ 2,340,000

See notes to financial statements.

Vector Intersect Security Acquisition Corp.
(a development stage company)

Notes to Financial Statements
September 30, 2008

1. Organization, Proposed Business Operations and Summary of Significant Accounting Policies.

Basis of Presentation

The financial statements of Vector Intersect Security Acquisition Corp. (the ‘‘Company’’), for the nine months ended September 30, 2008 and 2007, for the three months ended September 30, 2008 and 2007 and for the period from July 19, 2005 (inception) to September 30, 2008, are unaudited. In the opinion of management, all adjustments (consisting of normal adjustments) have been made that are necessary to present fairly the financial position of the Company as of September 30, 2008 and the results of its operations and its cash flows for the nine months ended September 30, 2008 and 2007, the three months ended September 30, 2008 and 2007 and for the period from July 19, 2005 (inception) to September 30, 2008. Operating results for the interim periods presented are not necessarily indicative of the results to be expected for the full fiscal year. The balance sheet as of December 31, 2007 has been derived from the audited financial statements.

The Company was incorporated in Delaware on July 19, 2005 as a blank check company. It’s objective is to acquire, through a merger, capital stock exchange, asset acquisition or other similar business combination (as defined below), one or more businesses in the homeland security, national security and/or command and control industries.

The registration statement for the Company’s initial public offering (the ‘‘Public Offering’’) was declared effective on April 25, 2007. The Company completed a private placement (the ‘‘Private Placement’’) and received gross proceeds of $1,500,000 on April 25, 2007. The Company consummated the Public Offering on May 1, 2007 and received gross proceeds of $58,500,000. The Company’s management has broad discretion with respect to the specific application of the net proceeds of the Private Placement and the Public Offering (collectively the ‘‘Offerings’’, each as described in Note 2), although substantially all of the net proceeds of the Offerings are intended to be generally applied toward consummating a business combination with a target business. A ‘‘target business’’ includes an operating business in the homeland security or defense industries, or a combination thereof, and a ‘‘business combination’’ shall mean the acquisition by the Company of such a target business. There is no assurance that the Company will be able to effect a business combination successfully.

Of the proceeds of the Offerings, $58,030,000 was placed in a trust account (‘‘Trust Account’’) at JP MorganChase, New York City, New York, maintained by American Stock Transfer & Trust Company, the Company’s transfer agent. This amount includes the net proceeds of the Public Offering and the Private Placement, and $2,340,000 of deferred underwriting compensation fees (the ‘‘Discount’’) which will be paid to Rodman & Renshaw, LLC if, and only if, a business combination is consummated. The funds in the Trust Account will be invested until the earlier of (i) the consummation of the Company’s first business combination or (ii) the liquidation of the Trust Account as part of a plan of dissolution and liquidation approved by our stockholders. Up to $1,500,000 of interest income on the Trust Account may be used to fund the Company’s working capital requirements including payments for legal and accounting fees to due diligence on prospective acquisitions and continuing general and administrative expenses.

After signing a definitive agreement for the acquisition of a target business, the Company will submit such transaction for stockholder approval. In the event (i) the Business Combination is not approved by a majority of the shares of common stock issued in our initial public offering or (ii) 20% or more of the shares of common stock held by the public stockholders vote against the Business Combination and exercise their conversion rights described below, the Business Combination will not be consummated.

With respect to the first Business Combination which is approved and consummated, any Public Stockholder who voted against the Business Combination may demand that the Company redeem its, his or her shares. The per share redemption price will equal the amount in the Trust Fund, plus interest (net of taxes payable and net of up to $1,500,000 of interest income on the Trust Fund that may be used to fund the Company's working capital) calculated as of two business days prior to the proposed Business Combination, divided by the number of shares of common stock held by Public Stockholders at the consummation of the Public Offering. Accordingly, Public Stockholders holding approximately 19.99% of the aggregate number of shares owned by all Public Stockholders may seek redemption of their shares in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Fund computed without regard to the shares held by the Initial Stockholders.

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 at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company's policy is to limit the amount of credit exposure to any one financial institution and place investments with financial institutions or in short-term money market funds that provide minimal exposure to interest rate and credit risk.

Earnings per Common Share

Basic earnings per share (''EPS'') is computed by dividing net income applicable to common stock by the weighted average common shares outstanding during the period. Diluted EPS reflects the additional dilution for all potentially dilutive securities such as stock warrants.

Recent Accounting Pronouncements

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

2. Offerings.

On April 25, 2007 the Company sold 187,500 units in a Private Placement, and on May 1, 2007 the Company sold 7,312,500 units in the Public Offering (collectively the ''Units''). Each Unit consists of one share of the Company's common stock, $0.001 par value, and one common stock purchase warrant (''Warrants''). Each Warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of $5.00 per share (which Warrant may be exercised on a cashless basis) commencing the later of (a) one year from the effective date of the Public Offering; or (b) the completion of a Business Combination with a target business and expiring four years from the date of the Public Offering prospectus (unless earlier redeemed). The Warrant is redeemable at a price of $0.01 per Warrant upon 30 days notice after the Warrant becomes exercisable, only in the event that (a) the last sales price of the common stock is at least $11.50 per share for any 20 trading days within a 30-trading-day period ending on the third business day prior to date on which notice of redemption is given.

The Company will use its best efforts to cause a registration statement to become effective on or prior to the commencement of the Warrant exercise period and to maintain the effectiveness of such registration statement until the expiration of the Warrants. The Warrants may not be exercised in the absence of an effective registration statement and, in the event that the Company is unable to maintain the effectiveness of such registration statement until the expiration of the Warrants, and therefore is unable to deliver registered shares, the Warrants may expire unexercised and worthless. In no event will the Company be required to net-cash settle the Warrants. Accordingly, the Company has determined that the Warrants should be classified in stockholders' equity upon issuance in accordance with the guidance in EITF 00-19, ''Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock''.

3. Deferred Acquisition Costs.

Deferred acquisition costs consist of legal, auditing, regulatory filing, underwriting fees and other costs incurred related to the Proposed Acquisition.

4. Advances from Stockholder.

In March 2006 and in September 2006, a stockholder advanced the Company a total of $8,820 for operating expenses. The advance is non-interest bearing and is due on demand.

5. Notes Payable, Stockholders.

In addition to their purchase of the Company's common stock, two of the Company's stockholders and officers advanced the Company an aggregate of $205,000 in exchange for unsecured promissory notes. The notes bear interest at a rate of 4% per annum with principal and accrued interest due no later than the first anniversary of the Public Offering. During the nine months ended September 30, 2008, the Company repaid $150,000 of these loans.

6. Per Share Information.

In accordance with SFAS No. 128, ''Earnings Per Share,'' basic income per common share (''Basic EPS'') is computed by dividing the net income by the weighted-average number of shares outstanding. Diluted income per common share (''Diluted EPS'') is computed by dividing the net income by the weighted-average number of common shares and dilutive common share equivalents then outstanding. SFAS No. 128 requires the presentation of both Basic EPS and Diluted EPS on the face of the Company's Condensed Statements of Income.

The following table sets forth the computation of basic and diluted per share information:

	Nine Months Ended September 30,		Three Months Ended September 30,		For the period from July 19, 2005 (inception) to
	2008	**2007**	**2008**	**2007**	**Sept. 30, 2008**
Interest Income	$ 899,226	$ 861,202	$ 286,642	$ 518,768	$ 2,246,148
Operating expenses	637,279	267,107	225,144	142,832	1,216,969
Income before interest expense and income taxes	261,947	594,094	61,498	375,936	1,029,179
Interest expense-related party	4,371	26,152	1,540	15,073	32,589
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Net income for the period	$ 275,634	$ 446,443	$ 57,778	$ 269,763	$ 928,286
Weighted average shares outstanding -					
Basic	9,375,000	$ 6,082,418	9,375,000	9,375,000	5,205,731
Diluted	11,896,460	7,411,104	11,944,844	11,759,038	10,295,599
Net income per share – Basic	$ 0.03	$ 0.07	$ 0.01	$ 0.03	$ 0.18
Net income per share – Diluted	$ 0.02	$ 0.06	$ 0.00	$ 0.02	$ 0.09

7. Commitments.

In connection with the Public Offering the Company sold to the representative of the underwriter for $100 an option to purchase up to a total of 731,250 Units. The Units issuable upon exercise of this option are identical to those offered to the public, except that the Warrants underlying this option are exercisable at $5.50 (110% of the exercise price of the Warrants included in the units sold in the Public Offering). This option is exercisable at $8.80 per unit commencing on the later of the consummation of a Business Combination and one year from the date of offerings and expiring five years from the date of offerings. The option and the 731,250 units, the 731,250 shares of common stock and the 731,250 Warrants underlying such units, and the 731,250 shares of common stock underlying such Warrants, have been deemed compensation by the Financial Industry Regulatory Authority (‘‘FINRA’’).

The Company accounted for this purchase option as a cost of raising capital and will include the instrument as equity in the financial statements. Accordingly, there will be no net impact on the Company’s financial position or results of operations, except for the recording of the $100 proceeds from the sale. The Company estimated, based upon a Black-Scholes model, that the fair value of the purchase option on the date of sale is approximately $3.40 per unit (or $2,486,250 in the aggregate), using an expected life of 5 years, volatility of 44%, and a risk-free rate of 5%. However, because the Company’s units did not have a trading history, the volatility assumption was based on information then available to management. The volatility estimate is derived using historical data of public companies in the proposed industry. The Company believes the volatility estimate calculated from these companies is a reasonable benchmark to use in estimating the expected volatility of our units; however, the use of an index to estimate volatility may not necessarily be representative of the volatility of the underlying securities. Although an expected life of five years was used in the calculation, if the Company does not consummate a Business Combination with the prescribed time period and it liquidates the option will become worthless.

The Company has engaged the representative of the underwriters on a non-exclusive basis as an agent for the solicitation of target for a Business Combination. The Company has agreed to pay the representative of the underwriters a transaction fee in cash equal to 3% of the aggregate consideration paid by the Company in a Business Combination with a target business the representative of the underwriters introduces to the Company, if such Business Combination is consummated within twenty-four months of such introduction.

The Company has engaged the representative of the underwriters, on a non-exclusive basis, as its agent for the solicitation of the exercise of the Warrants. To the extent not inconsistent with the guidelines of the FINRA and the rules and regulations of the Securities and Exchange Commission, the Company has agreed to pay the representative of the underwriter for bona fide services rendered a commission equal to 3% of the exercise price for each Warrant exercised more than one year after the date of the Public Offering prospectus if the exercise was solicited by the representative. In addition to soliciting, either orally or in writing, the exercise of the Warrants the representative’s services may also include disseminating information, either orally or in writing, to Warrant holders about the Company or the market for the Company’s securities, and assisting in the processing of the exercise of the Warrants. No compensation will be paid to the representative upon the exercise of the Warrants if:

- The market price of the underlying shares of common stock is lower than the exercise price;
- The holder of the Warrants has not confirmed in writing that the representative solicited the exercise;

- The Warrants are held in a discretionary account;
- The Warrants are exercised in an unsolicited transaction; or
- The representative has not provided to the holder of the Warrants solicited for exercise a copy of the Public Offering prospectus with respect to the shares of common stock underlying the Warrants.

The Company has engaged Selway Partners LLC, an entity with which several of the Company's officers and directors are affiliated for an aggregate monthly fee of $7,500 for certain administrative, technology, bookkeeping and secretarial services, as well as, the use of limited office space in New Jersey.

On May 1, 2007, the Company entered into a $500,000 revolving credit agreement with SCP Private Equity Management Company, LLC, of which the Company's Chief Executive officer and one of its directors are members. Any amounts outstanding under the revolving credit agreement will bear interest at a rate of 5.5% per year. Any funds outstanding under the revolving credit agreement will become due and payable by the Company upon our consummation of a business combination. As of September 30, 2008, the Company has not borrowed any amounts under this facility.

8. Proposed Business Combination.

On February 14, 2008, Vector and its newly-formed, wholly-owned subsidiary Cyalume Acquisition Corp. (''Transaction Subsidiary''), entered into a stock purchase agreement with Cyalume Technologies, Inc. (''Cyalume'') and GMS Acquisition Partners Holdings, LLC (''Seller''), which owns 100% of the issued and outstanding equity securities of Cyalume, pursuant to which the Transaction Subsidiary will acquire all of the outstanding securities of Cyalume, resulting in Cyalume becoming an indirect wholly-owned subsidiary of Vector the ("Proposed Acquisition"). The parties amended the stock purchase agreement on October 22, 2008 in order to reallocate the payment of certain consideration amongst the holders of Series A Preferred Units of Seller, such that those holders would receive an aggregate of $10 million less in cash, and an aggregate of $10 million more in stock of Vector, while the total transaction consideration remained unchanged. The total transaction consideration will equal approximately $117.1 million minus approximately $40.2 million for the repayment of the indebtedness of Cyalume, Cyalume's unpaid acquisition expenses of approximately $700,000, and the value of the 1,505,646 shares placed in escrow at a contractually agreed value of $7.97 per share (which was based on the amount per public share held in the trust account as of the date of the purchase agreement). The estimated closing payment will be adjusted based on an estimate of Cyalume's net working capital on the closing date. If Cyalume's estimated net working capital is above $9,000,000, then the estimated closing payment will be increased, on a dollar for dollar basis, by the amount that the estimated net working capital exceeds $9,000,000. If Cyalume's estimated net working capital is below $7,000,000, then the estimated closing payment will be reduced, on a dollar for dollar basis, by the difference between the estimated net working capital and $7,000,000. A number of shares held in escrow with a value equal to any adjustment on Vector's behalf will be returned to Vector for cancellation in satisfaction of such adjustment. The amount held in escrow will be available for any purchase price adjustment and/or indemnification obligation of Seller. The Company has filed preliminary proxy statement on Schedule 14A which is pending SEC approval. Once SEC approval is received the Company will hold a meeting and the shareholders will vote on the proposed business combination.

9. Bank Financing.

As of August 1, 2008, and as amended October 10, 2008 and November 4, 2008, Vector signed a commitment letter for a senior secured credit facility from TD Bank, N.A. (“TD Banknorth”) in the aggregate amount of $33 million (which is the maximum amount that TD Banknorth would lend to the post-business combination company based on its financial position post business combination) (collectively, the “TD Loan”). The TD Loan is divided into three distinct facilities, consisting of (i) a $5,000,000 senior secured revolving credit facility (the “Revolver”); (ii) a $25.5 million amortizing senior secured term loan (the “Term Loan”); and (iii) a $2,500,000 commercial real estate mortgage loan (the “CREM”). The TD Loan is to close on or before December 31, 2008, and the Revolver, Term Loan and CREM are to mature three, five and five years from the closing date of the TD Loan, respectively. Cyalume would be the borrower under the facilities, which would close concurrently with the acquisition of Cyalume, and the TD Loan is to be guaranteed by Vector, and all existing or future domestic subsidiaries of Cyalume

The TD Loan, as well as any interest rate hedging provided by TD Banknorth, will be secured by a first priority perfected security interest in all of Cyalume’s tangible and intangible assets and all proceeds thereof. The Loans will also be secured by a pledge by Vector of Cyalume’s capital stock, 2/3 of Cyalume Technologies, S.A.’s capital stock, and a first mortgage on Cyalume’s real estate property located in West Springfield, MA. Cyalume is to pay an origination fee at closing in an amount equal to $415,000, and Cyalume will pay a commitment fee of $10,000 per month, which is payable whether or not the transaction closes. Cyalume will also pay a commitment fee equal to one half of one percent of the average daily unused portion of the Revolver, payable quarterly in arrears, after Closing.

Interest will accrue and payments will be due monthly in arrears on each of the Revolver and Term Loan at a rate determined by adding the applicable margin to 30, 60, or 90 day LIBOR. The applicable margin will be set quarterly and will be based on a ratio of Cyalume’s senior debt to its adjusted EBITDA. The initial LIBOR margin will be 4.5%, with a LIBOR floor of 3.0%. The default-rate of interest will be 2% above the applicable non-default interest rate. Other permissible debts incurred by Cyalume will be subordinate to the TD Loan. Cyalume will provide monthly, quarterly and annual reports to the lender to confirm Cyalume’s compliance with various financial covenants under the TD Loan. The TD Loan will contain a number of restrictions on Cyalume, including, without limitation, restrictions on new indebtedness and on payment of dividends.

The terms of the TD Loan are subject to the satisfactory completion of due diligence, credit approval, satisfactory review of documentation and such other terms and conditions as are determined by TD Banknorth.

10. Subsequent Events.

On October 15, 2008, the Company issued 593,750 shares of the Company’s common stock (the “Catalyst Shares”) and warrants to purchase up to 118,750 shares (the “Catalyst Warrants”) of the Company’s common stock for $4,750,000 (the “Catalyst Proceeds”) to Catalyst Equity Management (“Catalyst”). The warrants issued to Catalyst will terminate five years after issuance and are exercisable for $8.00 per share of the Company’s common stock. The warrants are exercisable on a cashless basis at the option of Catalyst. The warrants do not have any antidilution protection except in the case of significant corporate events such as splits or dividends of shares.

Pursuant to the subscription agreement, as amended, the Company is obligated to appoint Mr. Yair Shamir to its Board of Directors at the closing of the transaction with Cyalume. Until the earlier of (i) October 15, 2011, and (ii) the date on which Catalyst owns less than 50% of the shares of the Company’s common stock it purchased pursuant to the subscription agreement, the Company’s Board of Directors is obligated to nominate Mr. Yair Shamir to be a member of its Board of Directors and include him in its slate of board members to be presented to the stockholders of the Company for election at any meeting or consent held or signed for those purposes. The subscription agreement, as amended, provides that Catalyst will be entitled to demand and piggyback registration rights.

In the event that the Proposed Acquisition (as defined in Note 8) is not consummated by December 31, 2008, the Company has agreed not seek to consummate the Acquisition or seek to locate an alternative target business and will use its commercially reasonable best efforts to seek the approval of its stockholders to liquidate and dissolve the Company.

In connection with the subscription agreement, as amended, the Company and Catalyst entered into an escrow agreement pursuant to which (i) the Catalyst Shares, Catalyst Warrants and Catalyst Proceeds were placed into escrow, and (ii) may use the Catalyst Proceeds to acquire shares of the Company’s common stock in block trades or otherwise through the public markets (collectively, the “Exchange Shares”), which Exchange Shares will then be placed into escrow. The timing, purchase price and the amount of any repurchases were to be determined by the Company's management, based on its evaluation of market conditions and other factors. In the event that the Acquisition is not consummated, the escrow agent will distribute the Exchange Shares and any portion of the Catalyst Proceeds still held in escrow to Catalyst and the Catalyst Shares and the Catalyst Warrants to the Company. In the event that the Acquisition is consummated, the escrow agent will distribute the Exchange Shares and any portion of the Purchase Price still held in escrow to the Company and the Catalyst Shares and the Catalyst Warrants to Catalyst. On October 15, 2008, the Company used $4,746,000 of the Catalyst Proceeds to acquire 600,000 shares of the Company’s common stock at a price of $7.91 per share.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

Vector Intersect Security Acquisition Corp. is a blank check company organized under the laws of the State of Delaware on July 19, 2005. We were formed to acquire, through merger, capital stock exchange, asset acquisition or other similar business combination, one or more businesses in the homeland security, national security and/or command and control industries or businesses relating to the manufacture of products for use in such industries. We intend to utilize our cash derived from the net proceeds of our offering, our authorized and unissued shares of common and preferred stock, debt or a combination thereof to effect a business combination. Our officers and directors have agreed that they will not recommend to our shareholders that they approve a business combination with an entity that is affiliated with any of our officers or directors, or that is an entity in which any of our officers or directors, or any of their respective affiliates, has a direct or indirect investment. Our officers and directors have agreed not to recommend to our shareholders a business combination with an entity with which they are affiliated to prevent a conflict of interest from developing that could lead to liability for us in the future.

On February 14, 2008, Vector and its newly-formed, wholly-owned subsidiary Cyalume Acquisition Corp. (''Transaction Subsidiary''), entered into a stock purchase agreement with Cyalume Technologies, Inc. (''Cyalume'') and GMS Acquisition Partners Holdings, LLC (''Seller''), which owns 100% of the issued and outstanding equity securities of Cyalume, pursuant to which the Transaction Subsidiary will acquire all of the outstanding securities of Cyalume, resulting in Cyalume becoming an indirect wholly-owned subsidiary of Vector. The parties amended the stock purchase agreement on October 22, 2008 in order to reallocate the payment of certain consideration amongst the holders of Series A Preferred Units of Seller, such that those holders would receive an aggregate of $10 million less in cash, and an aggregate of $10 million more in stock of Vector, while the total transaction consideration remained unchanged. The total transaction consideration will equal approximately $117.1 million minus approximately $40.2 million for the repayment of the indebtedness of Cyalume, Cyalume's unpaid acquisition expenses of approximately $700,000, and the value of the 1,505,646 shares placed in escrow at a contractually agreed value of $7.97 per share (which was based on the amount per public share held in the trust account as of the date of the purchase agreement). The estimated closing payment will be adjusted based on an estimate of Cyalume's net working capital on the closing date. If Cyalume's estimated net working capital is above $9,000,000, then the estimated closing payment will be increased, on a dollar for dollar basis, by the amount that the estimated net working capital exceeds $9,000,000. If Cyalume's estimated net working capital is below $7,000,000, then the estimated closing payment will be reduced, on a dollar for dollar basis, by the difference between the estimated net working capital and $7,000,000. A number of shares held in escrow with a value equal to any adjustment on Vector's behalf will be returned to Vector for cancellation in satisfaction of such adjustment. The amount held in escrow will be available for any purchase price adjustment and/or indemnification obligation of Seller.

Vector has filed a preliminary proxy statement relating to the transaction with Cyalume with the SEC and is waiting for comments or an indication from the SEC that they have no additional comments.

Forward Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as ''may,'' ''should,'' ''could,'' ''would,'' ''expect,'' ''plan,'' ''anticipate,'' ''believe,'' ''estimate,'' ''continue,'' or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission filings. The following discussion should be read in conjunction with our unaudited Financial Statements and related Notes thereto included elsewhere in this report.

Critical Accounting Policies

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 at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from these estimates.

Deferred income taxes are provided for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for tax purposes. Valuation allowances are provided against the deferred tax asset amounts when the realization is uncertain.

Vector purchases U.S. Treasury Bills and money market investments and holds these investments to maturity. The investments are recorded at market value which approximates their carrying amount and includes accrued interest.

Vector must seek stockholder approval to effect any business combination. Vector will proceed with a business combination only if a majority of the shares of common stock issued in its initial public offering are voted in favor of the business combination, and public stockholders owning less than 20% of the shares sold in the offering exercise their redemption rights (which requires that the stockholder electing redemption vote against the business combination). Public stockholders voting against the combination may demand that Vector redeem his or her shares at an initial redemption price of $7.94 (which includes $0.32 of deferred underwriting discount) per share plus interest earned thereon in the trust account, net of taxes payable and up to $1,500,000 of interest income which may be released from the trust account to fund our working capital. Accordingly, Vector has classified the contingent shares at $7.62 ($7.94 - $0.32) and related deferred interest as a liability, not as permanent equity.

Results of Operations f or the Three Month Period ended September 30, 2008

We reported net income of $57,778 for the three-month period ended September 30, 2008. We incurred a net income of $269,763 for the three-month period ended September 30, 2007. The decrease in net income during the three-month period ending September 30, 2008 was mainly the result of acquisition costs incurred in the quarter, which significantly increased after signing a definitive agreement with Cyalume in February 2008. Until we enter into a business combination, we will not have revenues.

Overall, for the quarter ended September 30, 2008, we incurred $135,537 of consulting and professional fees, $29,990 of insurance expense, $61,157 of rent expense and other operating costs. For the quarter ended September 30, 2007, we incurred $92,235 of consulting and professional fees, $33,709 of rent expense and other operating costs.

Our trust account earned interest of $286,642 for the three months ended September 30, 2008.

Results of Operations for the Nine Month Period ended September 30, 2008

We reported net income of $275,634 for the nine-month period ended September 30, 2008. We incurred a net income of $446,443 for the nine-month period ended September 30, 2007. The decrease in net income during the nine-month period ending September 30, 2008 was mainly the result of acquisition costs incurred in the quarter, which significantly increased after signing a definitive agreement with Cyalume in February 2008. Until we enter into a business combination, we will not have revenues.

Overall, for the nine months ended September 30, 2008, we incurred $409,176 of consulting and professional fees, $85,100 of insurance expense, $147,373 of rent expense and other operating costs. For the nine months ended September 30, 2007, we incurred $151,250 of consulting and professional fees, $76,611 of rent expense and other operating costs.

Our trust account earned interest of $899,226 for the nine months ended September 30, 2008.

Liquidity and Capital Resources

On April 25, 2007, we completed a private placement of 187,500 units to our Chief Executive Officer and one of our directors and received net proceeds of $1.5 million. On May 1, 2007, we consummated our initial public offering of 7,312,500 units. Each unit in both the private placement and the public offering consisted of one share of common stock and one redeemable common stock purchase warrant. Each warrant entitles the holder to purchase from us one share of our common stock at an exercise price of $5.00.

The net proceeds from the sale of our units, after deducting certain offering expenses of approximately $4.0 million including underwriting discounts of approximately $3.5 million, were approximately $54.5 million. Approximately $58.0 million of the proceeds from the initial public offering and the private placement was placed in a trust account for our benefit. Except for $1.5 million in interest that is earned on the funds contained in the trust account that may be released to us to be used as working capital, we will not be able to access the amounts held in the trust until we consummate a business combination. The trust account also contains approximately $2.3 million of the underwriter’s compensation which will be paid to them only in the event of a business combination. The amounts held outside of the trust account are available to be used by us to provide for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. From July 19, 2005 (the date of our inception) through September 30, 2008, we had operating expenses of approximately $1,216,969 and deferred acquisition costs of approximately $274,736. The net proceeds deposited into the trust fund remain on deposit in the trust account earning interest. As of September 30, 2008, we had approximately $58,708,365 held in the trust account, which includes deferred underwriting fees of approximately $2,340,000. Additionally, as of September 30, 2008, we have approximately $86,858 outside the trust account to fund our working capital requirements. As of September 30, 2008, we have received $1,500,000 in interest from the trust account which we used for working capital purposes.

On May 1, 2007, we entered into a $500,000 revolving credit agreement with SCP Private Equity Management Company, LLC, of which our Chief Executive Officer and one of our directors are members. Any amounts outstanding under the revolving credit agreement will bear interest at a rate of 5.5% per year. Any funds outstanding under the revolving credit agreement will become due and payable by us upon our consummation of a business combination. As of September 30, 2008, we have not borrowed any amounts under this facility.

Vector will use substantially all of the net proceeds of the initial public offering to acquire a target business, including identifying and evaluating prospective acquisition candidates, selecting the target business, and structuring, negotiating and consummating the business combination. To the extent that our capital stock is used in whole or in part as consideration to effect a business combination, the proceeds held in the trust account, as well as, any other net proceeds not expended will be used to finance the operations of the target business.

Assuming the release of the full amount of the interest we are entitled to receive from the trust account, we believe we will have sufficient available funds outside of the trust account to operate through May 1, 2009, assuming that a business combination is not consummated during that time. We do not believe we will need to raise additional funds in order to meet the expenditures required for operating our business. However, we may need to raise additional funds through a private offering of debt or equity securities if such funds are required to consummate a business combination that is presented to us. We would only consummate such a financing simultaneously with the consummation of a business combination. We anticipate that we will need at least $16,000,000 (and up to at least $27,000,000 if the maximum number of Vector’s stockholders redeem their shares of common stock) to consummate the Cyalume transaction.

Our accounts payable and accrued expenses, as of September 30, 2008 were $129,995 and related expenses and $23,852 of accrued interest on related party notes.

Commencing on April 25, 2007 we began incurring a fee of approximately $7,500 per month for certain administrative, technology, bookkeeping and secretarial services, as well as, the use of limited office space in New Jersey. We pay consultants approximately $12,000 per month for services in connection with Vector's reporting obligations and in connection with Vector's search for a target business.

Assuming the completion of the Cyalume acquisition, Vector will incur approximately $33 million of new debt in connection with the transaction. The total transaction consideration will equal approximately $117.1 million, which includes approximately $29.6 million in cash, approximately 6.2 million shares of Vector common stock valued at $7.50 per share (the closing price of Vector's common stock on September 30, 2008) approximately $40.2 million for the repayment of the indebtedness of Cyalume, Cyalume's unpaid acquisition expenses of approximately $700,000, and the value of the 1,505,646 shares placed in escrow at a contractually agreed value of $7.97 per share (which was based on the amount per public share held in the trust account as of the date of the purchase agreement). The estimated closing payment will be adjusted based on an estimate of Cyalume's net working capital on the closing date. If Cyalume's estimated net working capital is above $9,000,000, then the estimated closing payment will be increased, on a dollar for dollar basis, by the amount that the estimated net working capital exceeds $9,000,000. If Cyalume's estimated net working capital is below $7,000,000, then the estimated closing payment will be reduced, on a dollar for dollar basis, by the difference between the estimated net working capital and $7,000,000. A number of shares held in escrow with a value equal to any adjustment on Vector's behalf will be returned to Vector for cancellation in satisfaction of such adjustment. The amount held in escrow will be available for any purchase price adjustment and/or indemnification obligation of Seller. Vector will also assume the current liabilities relating to accounts payable, accrued liabilities and billings in excess of costs and estimated earnings on incomplete contracts.

The Company has filed preliminary proxy statement on Schedule 14A and is being reviewed by the SEC. Once SEC approval is received the Company will hold a meeting and the Shareholders will vote on the proposed business combination.

On October 15, 2008, Vector issued Catalyst Equity Management ("Catalyst") 593,750 shares of Vector's common stock and warrants to purchase 118,750 shares of common stock for $4,750,000 in a private offering, exempt from registration requirements under Section 4(2) of the Securities Act of 1933 (the "Securities Act"). Vector paid no fees or commission in connection with the issuance. The common stock, warrants and $4,750,000 of proceeds were placed into escrow, and Vector used $4,746,000 of the proceeds of the offering to acquire 600,000 shares of Vector's common stock, at $7.91 per share, which shares were placed into escrow. The warrants issued to Catalyst will terminate five years after issuance, are exercisable for $8.00 per share of Vector's common stock and the warrants are exercisable on a cashless basis at the option of Catalyst.

Off-Balance Sheet Arrangements

Vector does not have any off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk is the sensitivity of income to changes in interest rates, foreign exchanges, commodity prices, equity prices, and other market-driven rates or prices. We are not presently engaged in and, if a suitable business target is not identified by us prior to the prescribed liquidation date of the trust fund, we may not engage in, any substantive commercial business. Accordingly, we are not and, until such time as we consummate a business combination, we will not be, exposed to risks associated with foreign exchange rates, commodity prices, equity prices or other market-driven rates or prices. The net proceeds of our initial public offering held in the Trust Account are to be invested only in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940 or United States Treasury Bills. Given our limited risk in our exposure to money market funds and treasury bills, we do not view the interest rate risk to be significant.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures.

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules, regulations and related forms, and that such information is accumulated and communicated to our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, the Company's management conducted an evaluation, under the supervision and with the participation of our principal executive officer and our principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on their evaluation of our disclosure controls and procedures, as of the end of the period covered by this report, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures are effective.

Internal Control Over Financial Reporting.

Our management, under the supervision of our principal executive officer and our principal financial officer, is also responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is designed 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.

There were no changes in internal controls over financial reporting that occurred during the first nine months of 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 4T. CONTROLS AND PROCEDURES.

Not Applicable.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in the section titled ‘‘Risk Factors’’ in our Annual Report on Form 10-K, filed on April 15, 2008, which could materially affect our business financial condition or future results. The risks described in our Annual Report are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. There have been no material changes to the risk factors described in our Annual Report on form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

In October 2008, the Company repurchased 600,000 shares of its common stock in a block trade at a price of $7.91 per share, for an aggregate purchase price of $4,746,000.

On April 25, 2007, we consummated a private placement of 187,500 units. On May 1, 2007, we consummated our initial public offering of 7,312,500 units. Each unit consists of one share of common stock and one redeemable common stock purchase warrant. Each Warrant entitles the holder to purchase from us one share of our common stock at an exercise price of $5.00. The units were sold at an offering price of $8.00 per unit, generating total gross proceeds of $60,000,000. Rodman & Renshaw, LLC acted as lead underwriter. The securities sold in our initial public offering were registered under the Securities Act of 1933 on a registration statement on Form S-1 (No. 333-127644). The Securities and Exchange Commission declared the registration statement effective on April 25, 2007.

We incurred a total of $3,510,000 in underwriting discounts and commissions and placement agent fees, of which $2,340,000 has been placed in the trust account. Such portion of the underwriter’s compensation will only be paid to the underwriters in the event that we consummate a business combination. The total expenses in connection with the sale of our units in the private placement and the initial public offering were $1,678,843. No expenses of the offering were paid to any of our directors or officers or any of their respective affiliates. All the funds held in the trust account have been invested in either Treasury Bills or Money Market Accounts.

After deducting the underwriting discounts and commissions, placement agent fees and the offering expenses, the total net proceeds to us from the private placement and the initial public offering were approximately $60,000,000, of which approximately $58,030,000 (or $7.62 per unit sold in the offering, which does not include the deferred underwriting discounts of $2,340,000 that is held in the trust account.) was deposited into a trust account and the remaining proceeds are available to be used to provide for business, legal and accounting due diligence on prospective business combinations and continuing general and administrative expenses. The amounts held in the trust account may only be used by us upon the consummation of a business combination, except that we may use up to $1,500,000 of the interest earned on the trust account to fund our working capital prior to a business combination. As of September 30, 2008, there was approximately $58,708,365 held in the trust account, which includes deferred underwriting fees of $2,340,000 (including deferred interest).

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1 to October 31	600,000	7.91	600,000	$ 4,000(1)

(1) Equivalent to 540 shares at $7.40 per shares, the market price as of November 11, 2008.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

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

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit No.	Description
3(i)	Fourth Amended and Restated Certificate of Incorporation [(1)]
3(ii)	Bylaws [(1)]
10.1	Subscription Agreement with Catalyst Equity Management dated September 5, 2008 [(2)]
31.1	Certification of the Chief Executive Officer (Principal Executive, Accounting and Financial Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act, as amended.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated by reference to the Registrant's Registration Statement on Form S-1 (File No. 333-127644).

(2) Incorporated by reference to the Current Report on Form 8-K filed September 8, 2008.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VECTOR INTERSECT SECURITY ACQUISITION CORP.

Date: November 12, 2008

By: /s/ Yaron Eitan

Yaron Eitan
Chief Executive Officer
(Principal Executive, Accounting and Financial officer)

Exhibit Index

Exhibit No.	Description
3(i)	Fourth Amended and Restated Certificate of Incorporation [1]
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32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated by reference to the Registrant’s Registration Statement on Form S-1 (File No. 333-127644).

(2) Incorporated by reference to the Current Report on Form 8-K filed September 8, 2008.

Exhibit 31.1

Certification
Pursuant to Rule 13a-14(a) of the Exchange Act

I, Yaron Eitan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vector Intersect Security Acquisition Corp.;

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

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

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

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

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

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

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

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

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

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

Date: November 12, 2008

By: /s/ Yaron Eitan
Yaron Eitan
Chief Executive Officer
(Principal Executive, Accounting and Financial officer)

Exhibit 32.1

Certification
Pursuant to 18 U.S.C. Section 1350

Pursuant to U.S.C. Section 1350 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of Vector Intersect Security Acquisition Corp. (the ‘‘Company’’), does hereby certify, to such officer’s knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2008

By: /s/ Yaron Eitan

Yaron Eitan
Chief Executive Officer

(Principal Executive, Accounting and Financial officer)