

Edgar Filing: E-SMART TECHNOLOGIES INC - Form 10QSB

E-SMART TECHNOLOGIES INC  
Form 10QSB  
August 16, 2004

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

Form 10-QSB

(Mark One)

- Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended: June 30, 2004
- Transition report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File No: 000-30717

e-SMART TECHNOLOGIES, INC.  
(Name of small business in its charter)

Nevada 88-0409261  
(State or other jurisdiction of incorporation) (IRS Employer Id. No.)

7225 Bermuda Road, Suite C, Las Vegas, Nevada 89119  
(Address of Principal Office including Zip Code)

Issuer's telephone Number: (702) 447- 5210

Check whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date:

Common Stock, par value \$.001 per share, 173,042,610 shares at June 30, 2004.

Transitional Small Business Disclosure Format (Check one): Yes  No

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e-SMART TECHNOLOGIES, INC.  
FORM 10-QSB QUARTERLY PERIOD ENDED JUNE 30, 2004

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### PART I - FINANCIAL INFORMATION

#### ITEM 1. FINANCIAL STATEMENTS

The unaudited condensed consolidated balance sheet of the Registrant at June 30, 2004, the audited balance sheet at December 31, 2003, and the unaudited condensed consolidated statements of operations, shareholders' impairment, and cash flows for the three and six month periods ended June 30, 2004 and June 30, 2003 follow. The unaudited condensed consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented.

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#### e-SMART TECHNOLOGIES, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) June 30, 2004	December 31, 2003
	-----	-----
ASSETS		
Current assets -		
Cash	\$ 8,005	\$ 14,096
Due from Associated Business Group, Inc.	--	31,334
Prepaid expenses	59,635	--

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Total current assets	67,640	45,430
Super Smart Card tm Technology	109,006	109,310
System Development	136,000	--
Leasehold Improvements and Equipment	91,134	--
Due from Biosensor LLC	154,500	--
Deposit - e-Smart Korea	--	151,000
Total assets	\$ 558,280	\$ 305,740

LIABILITIES AND SHARESHOLDES' IMPAIRMENT

Current liabilities -		
Accounts payable	\$ 433,041	\$ 397,081
Accrued expenses	157,594	38,853
Notes payable	80,000	80,000
Due to Associated Business Group, Inc.	12,427	--
Total current liabilities	683,062	515,934
6% Note Payable to Intermarket Ventures, Inc.	300,000	--
Shareholders' Impairment -		
Common Stock, par value \$.001 per share, 300,000,000 authorized, 173,042,610 and 170,707,012 issued and outstanding, respectively	173,042	170,707
Additional paid in capital	60,767,183	59,497,446
Accumulated deficit	(61,365,007)	(59,878,347)
Total shareholders' impairment	(424,782)	(210,194)
Total liabilities and shareholders' impairment	\$ 558,280	\$ 305,740

See notes to condensed consolidated financial statements.

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e-SMART TECHNOLOGIES, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
[Unaudited]

	Six Months Ended June 30		Three Months Ended June 30	
	2004	2003	2004	2003
Net Revenue	\$ --	\$ --	\$ --	\$ --
Cost of revenue	--	--	--	--

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Gross profit	--	--	--	--
Operating expenses:				
Research and development	214,210	280,200	153,682	230,200
General and administrative	1,268,950	518,226	534,371	444,723
Interest	3,000	14,998	1,500	7,499
	-----	-----	-----	-----
Total operating expenses	1,486,160	813,424	689,553	682,422
	-----	-----	-----	-----
Loss before taxes	(1,486,160)	(813,424)	(689,553)	(682,422)
Provision for taxes	500	250	250	--
	-----	-----	-----	-----
Net Loss	\$ (1,486,660)	\$ (813,674)	\$ (689,803)	\$ (682,422)
	=====	=====	=====	=====
Net loss per common share - basic and fully-diluted	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)
	=====	=====	=====	=====
Weighted average common shares shares outstanding	172,124,990	160,550,084	172,855,610	162,409,292
	=====	=====	=====	=====

See notes to condensed consolidated financial statements.

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e-SMART TECHNOLOGIES, INC.  
CONDENSED CONSOLIDATED STATEMENT OF  
SHAREHOLDERS' IMPAIRMENT  
[Unaudited]

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	
	-----	-----	-----	-----	-----
Balance, January 1, 2003	153,771,993	\$ 153,772	\$ 22,714,779	\$ (23,106,740)	\$ (238,189)
Shares issued for cash	16,497,519	16,498	2,531,854	--	2,548,352
Shares issued for services	437,500	437	80,813	--	81,250
Options issued for services	--	--	34,170,000	--	34,170,000
Net loss	--	--	--	(36,771,607)	(36,771,607)
	-----	-----	-----	-----	-----
Balance, December 31, 2003	170,707,012	\$ 170,707	\$ 59,497,446	\$ (59,878,347)	\$ (210,194)
	-----	-----	-----	-----	-----
Balance January 1, 2004	170,707,012	\$ 170,707	\$ 59,497,446	\$ (59,878,347)	\$ (210,194)
Shares issued for cash	2,335,598	2,335	1,269,737	--	1,272,072
Net loss	--	--	--	(1,486,660)	(1,486,660)
	-----	-----	-----	-----	-----
Balance, June 30, 2004	173,042,610	\$ 73,042	\$ 60,767,183	\$ (61,365,007)	\$ (424,782)
	-----	-----	-----	-----	-----

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See notes to condensed consolidated financial statements.

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e-SMART TECHNOLOGIES, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 [Unaudited]

	Six Months Ended June 30,	
	2004	2003
Cash flows of operating activities -		
Net loss	\$(1,486,660)	\$ (813,674)
Adjustments to reconcile net loss to net cash used by operations:		
Depreciation and amortization	726	980
Decrease (increase) in assets -		
Due from Associated Business Group, Inc.	31,334	--
Prepaid expenses	(59,635)	4,483
Increase (decrease) in liabilities -		
Accounts payable	35,960	53,122
Accrued expenses Due to Associated Business Group, Inc.	118,741	(432)
	12,427	--
Net cash used by operating activities	(1,347,107)	(755,521)
Cash flows of investing activities -		
System development	(136,000)	--
Leasehold and improvements	(91,556)	(58,750)
Advances to Biosensor LLC	(154,500)	--
Recoupment of e-Smart Korea deposit	151,000	--
Net cash used by investing activities	(231,056)	(58,750)
Cash flows of financing activities -		
Proceeds from sale of common shares	1,272,072	848,803
Proceeds from loans	--	11,429
Borrowings from Intermarket Ventures, Inc.	300,000	--
Net cash provided by financing activities	1,572,072	860,232
Net (decrease) increase in cash	(6,091)	45,961
Cash at beginning of period	14,096	202
Cash at end of period	\$ 8,005	\$ 46,163

See notes to condensed consolidated financial statements.

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## e-SMART TECHNOLOGIES, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 - Basis of Presentation

The accompanying unaudited consolidated financial statements, which include the accounts of the Registrant and (since commencement of its operations on January 1, 2004) those of its wholly-owned subsidiary, e-Smart Korea, Inc., have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six month and three month periods ended June 30, 2004 and 2003, are not necessarily indicative of the results that may be expected for the respective years ended December 31, 2004 and 2003.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and related footnotes included in the Registrant's Annual Report on Form 10-KSB for the two fiscal years ended December 31, 2003, supplemented by the notes included herein. Such Annual Report on Form 10-KSB was the first to be filed by the Registrant since present management assumed control of the Registrant in October 2000. Prior thereto, the Registrant's last audited financial statements were filed with the Registrant's Form 10-SB on May 30, 2000.

The preparation of financial statements in conformity with generally accepted accounting principles 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Note 2 - Related Party Transactions

#### Common Ownership

Approximately 74% of the Registrant's outstanding common shares are owned by IVI Smart Technologies, Inc., a Delaware corporation (the "Licensor"), that is the sole owner of all of the Super Smart Card TM technology licensed to the Registrant in November 2000, August 2001, and September 2001, for a 20-year term for commercialization throughout China, the remainder of Asia exclusive of China, and the United States of America, respectively. Mary A. Grace, the Registrant's President and Chief Executive Officer, is a director, executive officer and principal stockholder of the Licensor. Tamio Saito, the Registrant's Chief Technology Officer, is also an executive officer and principal stockholder of the Licensor. As such, the Licensor is in a position to materially influence the direction of the Registrant, its efforts in raising the additional capital critical to its

success, and the strategies employed in commercialization of the licensed technology, assuming the Registrant's business plan is ultimately successful.

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### Research and Development Services Agreement

Pursuant to a Research and Development Services Agreement dated January 1, 2001, and reduced to writing on May 29, 2003 (the "BBT Agreement"), the Registrant engaged Big Bang Technologies, Inc., a California corporation controlled by and under common control of Tamio Saito, a co-inventor of the Super Smart Card TM technology ("BBT"), as the Registrant's research and development co-coordinator, administrator and personnel provider. BBT was also engaged to provide the Registrant with state of the art software development, testing, laboratory and other services related to the Registrant's smart card technology, and the services of Tamio Saito as the Registrant's Chief Technology Officer.

The term of the BBT Agreement, which provides for mutual confidentiality and non-compete protection, is one year, and is thereafter automatically renewed for successive one year terms unless sooner terminated in accordance with its provisions. In consideration for BBT's services, the Registrant agreed to promptly pay monthly invoices submitted by BBT.

Pursuant to an amendment to the BBT Agreement dated April 19, 2004 and effective as of January 1, 2004, and as hereinafter described in Item 5, the Registrant: (i) subleased an aggregate of 1,200 square feet of space plus common areas and the use of a conference room for \$3,000 per month; (ii) hired four former research employees of BBT; (iii) agreed to pay BBT an aggregate of \$22,000 per month to provide the services of Tamio Saito and other BBT employees to the Registrant in conjunction with software development, testing, laboratory and other services related to the Registrant's smart card technology; and (iv) agreed to reimburse BBT for expenses incurred on the Registrant's behalf.

### Advisory and Administrative Service Agreement

Pursuant to an Advisory and Administrative Services Agreement effective January 1, 2001, and dated May 29, 2003 (the "ABG Agreement"), the Registrant engaged Associated Business Group, Inc., a Nevada corporation controlled by the father of Wayne Drizin, a co-inventor of our Super Smart Card TM technology and the BVS2 TM platform ("ABG"), to administer the receipt of investor's funds, to pay expenses and to perform other necessary and related administrative services including utilizing its best efforts to cover temporary shortfalls in the Registrant's cash receipts. The Registrant agreed to pay ABG a fee of \$10,000 per month subject to ABG's right to convert the same into restricted shares of the Registrant's common stock at a conversion price equal to 75% of the mean between the closing bid and asked prices for the Registrant's common stock on the day before the date ABG elects to convert. The term of the ABG Agreement, which provides for mutual confidentiality and non-compete protection, is one year, and is thereafter automatically renewed for successive one year terms unless sooner terminated in accordance with its provisions.

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On April 19, 2004, the Registrant and ABG amended the ABG Agreement, as hereinafter described in Part II, Item 5. In lieu of the original ABG Agreement, the Registrant entered into a one year administrative services consulting agreement with ABG wherein ABG agreed to supervise the Registrant's Nevada office and perform other necessary and related administrative services in consideration of a monthly fee of \$1,500, plus any expenses incurred on the Registrant's behalf. The new agreement, which contains confidentiality and non-compete protection, is terminable by either party on six months prior written notice.

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### Note 3 - Going Concern

The Registrant's condensed consolidated financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

As shown in the accompanying financial statements, the Registrant had negative working capital at June 30, 2004, of \$615,422. In addition, the Registrant has incurred an accumulated deficit of \$(61,365,007) through June 30, 2004. The Registrant is dependent upon the efforts of its management to raise proceeds from continued debt or equity placements to sustain the research and development and ultimate commercialization of their respective interests in the Super Smart Card TM technology. The Registrant's ability to continue to receive new investment proceeds is uncertain. The condensed consolidated financial statements do not include any adjustments that might be necessary if the Registrant is unable to continue as a going concern.

### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion contains forward-looking statements regarding the Registrant, its business, prospects and results of operations that are subject to certain risks and uncertainties posed by many factors and events that could cause the Registrant's actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. Factors that may affect such forward-looking statements include the Registrant's ability to successfully exploit its licensed technology, develop new markets for its licensed technology; the impact of competition on the Registrant's proposed operations, changes in law or regulatory requirements that adversely affect or preclude customers from using the Registrant's licensed technology, delays in the Registrant's introduction of new products or services, and failure by the Registrant to keep pace with emerging technologies.

When used in this discussion, words such as "believes," "anticipates," "expects," "intends," and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. The Registrant undertakes no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. Readers are urged to carefully review and consider the various

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disclosures made by the Registrant in this report and other reports filed with the Securities and Exchange Commission ("SEC") that attempt to advise interested parties of the risks and factors that may affect the Registrant's business.

Six Months Ended June 30, 2004 and June 30, 2003

Revenues - Since obtaining the license to the Super Smart Card TM technology in November 2000, the Registrant has been engaged in research and development efforts to enhance and broaden the technology's applications and in exploring its licensed markets for optimal commercialization. Despite the fact that the Registrant has commenced preparation for manufacture and delivery of its products to customers



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within its licensed territory, the Registrant is still deemed to be in the development stage for accounting purposes as it has not experienced revenues in either of the six month periods ended June 30, 2004 ("6M04") or June 30, 2003 ("6M03").

Cost of Revenues - Consistent with the Registrant still being in its development stage, it did not experience cost of revenues in either 6M04 or 6M03.

Operating Expenses - Operating expenses rose to \$1,486,160 for 6M04 compared to \$813,424 for 6M03; an increase of \$672,736 or 83%. The principal factors underlying this increase were as follows: 1) increased marketing expenses during 6M04 compared to 6M03 consistent with the Registrant's efforts to get closer to generating revenues, 2) an increase in general and administrative expenses during 6M04 consistent with the Registrant beginning to create the infrastructure it will require to oversee its affairs, and 3) an increase in research and development expenses in 6M04 in line with the Registrant's technology becoming closer to commercialization.

Loss Before Taxes and Income Taxes - As a result of the foregoing, loss before taxes for 6M04 was \$(1,486,160) compared to \$(813,424) for 6M03 upon which the Registrant's provision for taxes in both periods was solely attributable to minimum state franchise taxes payable.

Net Loss - Consistent with the foregoing analysis, the Registrant reported a net loss of \$(1,486,660) or \$(0.01) per share for 6M04, compared to a net loss of \$(813,674) or \$(0.00) per share for 6M03, based upon weighted average shares outstanding of 172,124,990 and 160,550,084, respectively.

Three Months Ended June 30, 2004 and June 30, 2003

Revenues - Since obtaining the license to the Super Smart Card TM technology in November 2000, the Registrant has been engaged in research and development efforts to enhance and broaden the technology's applications and in exploring its licensed markets for optimal commercialization. Despite the fact that the Registrant has commenced preparation for manufacture and delivery of its products to customers within its licensed territory, the Registrant is still deemed to be in the development stage for accounting purposes as it has not experienced revenues in either of the three month periods ended March 31, 2004 ("2Q04") or March 31, 2003 ("2Q03").

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Cost of Revenues - Consistent with the Registrant still being in its development stage, it did not experience cost of revenues in either 3Q04 or 3Q03.

Operating Expenses - Operating expenses rose to \$689,553 for 2Q04 compared to \$682,422 for 2Q03; an increase of \$7,131 or 1%. The principal factors underlying this increase were as follows: 1) increased marketing expenses during 2Q04 compared to 2Q03 consistent with the Registrant's efforts to get closer to generating revenues, 2) an increase in general and administrative expenses during 2Q04 consistent with the Registrant beginning to create the infrastructure it will require to oversee its affairs, and 3) an increase in research and development expenses in 2Q04 in line with the Registrant's technology becoming closer to commercialization.

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Loss Before Taxes and Income Taxes - As a result of the foregoing, loss before taxes for 2Q04 was \$(689,553) compared to \$(682,422) for 2Q03 upon which the Registrant's provision for taxes in both periods was solely attributable to minimum state franchise taxes payable.

Net Loss - Consistent with the foregoing analysis, the Registrant reported a net loss of \$(689,803) or \$(0.00) per share for 2Q04, compared to a net loss of \$(682,422) or \$(0.00) per share for 2Q03, based upon weighted average shares outstanding of 172,855,610 and 162,409,292, respectively.

Liquidity and Capital Resources - The Registrant has limited working capital and is dependent upon its efforts in raising proceeds derived from private securities offerings for funds for the continuation of its proposed smart card business. Currently, the Registrant does not have any existing credit facilities or similar bank borrowing arrangements. The Registrant will need to obtain additional financing in order to carry out its entire business plan. There can be no assurance that any additional financing will be available to the Registrant on acceptable terms, if at all. If the Registrant raises additional funds by issuing additional equity securities, further dilution to existing equity holders will result. If adequate additional funds are not available, the Registrant may be required to curtail significantly its long term business objectives and the Registrant still may not be able to transition out of the development stage, notwithstanding that the BVS2 TM systems and Super Smart Card TM and other smart card system technologies are ready for commercialization.

At June 30, 2004, the Registrant had current assets of \$67,640 (including cash of \$8,005), current liabilities of \$683,062, and an accumulated deficit of \$61,365,007. The Registrant periodically evaluates its liquidity requirements, capital needs and availability of capital resources in view of its plans for commercialization of its technology, and other operating cash needs. In the opinion of Registrant's management, the Registrant is entirely dependent upon a material infusion of capital from the sale of securities to its accredited investors during the next several months in order to sustain its current developmental efforts, commence commercial operations, and ultimately transition out of the development stage.

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### ITEM 3. CONTROLS AND PROCEDURES

#### Evaluation of Disclosure Controls and Procedures

During the quarter ended June 30, 2004, the Registrant continued to implement controls and procedures designed to ensure that information required to be disclosed in the reports that the Registrant files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon their evaluation of the controls and procedures implemented within 90 days of the filing date of this Quarterly Report, the Chief Executive and Chief Financial Officer of the Registrant concluded that the Registrant's disclosure controls and procedures have been improved substantially during the past three months. Such officer also concluded that the Registrant's controls and procedures will likely equal or exceed those required of the Registrant within one or two more operating quarters.

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### Changes in Internal Controls

The Registrant made no significant changes in its internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation of those controls by the Chief Executive and Chief Financial Officer.

### PART II - OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS

##### Administrative Proceeding

On December 12, 2003, the SEC commenced an Administrative Proceeding against the Registrant seeking, inter alia, to interrupt public trading in the Registrant's securities (the "Proceeding"). Pending a decision by the Administrative Law Judge, the Registrant agreed to utilize its best efforts to prepare and file its Annual Report on Form 10-KSB for the two fiscal years ending December 31, 2003, on or before March 30, 2004.

However, and on March 4, 2004, Lillian A. McEwan, Administrative Law Judge, published an Initial Decision in the Proceeding. In her Initial Decision, the Administrative Law Judge found that the Registrant failed to make the required filings, as alleged, and therefore violated Exchange Act Section 13(a) and Rules 13a-1 and 13a-13. In assessing sanctions, the Administrative Law Judge found that the Registrant's violations were not only recurrent but also egregious, lasting over three years and continuing to the present. The Administrative Law Judge found that, although the Registrant represents that it intends to bring itself into full compliance with the periodic reporting requirements no later than March 31, 2004, this endeavor seems doomed. Because the Administrative Law Judge was convinced that the Registrant could not readily remedy its periodic reporting violations, the Administrative Law Judge ruled that the Registrant's registration should be

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revoked. On March 30, 2004, the Registrant filed a Form 10-KSB covering fiscal years ending on December 31, 2002 and 2003.

On March 23, 2004, and within the 21 day period provided in the Initial Decision, the Registrant filed a petition with the SEC for review of the Administrative Law Judge's decision. The Registrant's petition was granted on March 26, 2004. On March 30, 2004, the Division of Enforcement asked that the Administrative Law Judge's decision be summarily affirmed pursuant to Rule of Practice 411(e). The Division also moved for leave, under Commission Rule of Practice 410(d), to file a brief in opposition to the Registrant's petition for review.

On July 16, 2004, the SEC published an order wherein the Division of Enforcement's motions for summary affirmance and for leave to file a brief in opposition to the Registrant's petition for review were denied.

#### ITEM 5. OTHER INFORMATION

##### Agreement with Samsung SDS Co., Ltd. and Kobile, Inc.

On June 28, 2004, and pursuant to the Registrant's previously executed Master Teaming Agreement between Samsung SDS Co., Ltd., a Korean

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corporation ("Samsung"), the Registrant's wholly owned subsidiary, e-Smart Korea, Inc. entered into a written Cooperation Agreement with Kobile Co., Ltd., a Korean marketing company ("Kobile") and Samsung (the "Agreement"). Pursuant to the Agreement, the parties agreed to implement a joint project wherein the Registrant's proprietary Biometric Verification Security System™ operating platform and its advanced Super Smart Cards™ will be provided to participating schools, educational institutions and their related facilities located in the Republic of Korea (the "Institutions"). The Registrant is responsible for providing the proprietary software, quantities of Super Smart Cards™, hardware, and all necessary operating services to the Institutions together with the arrangement of all necessary capital. Kobile is responsible for supplying irrevocable and unconditional contracts with each Institution as well as agreements with merchants and suppliers. Samsung shall act as the system integrator and maintenance provider for the project. The Agreement provides for intellectual property and confidentiality protection.

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

#### Exhibits:

- 10(p)- Cooperation Agreement dated June 18, 2004.
- 31.1 - Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2003
- 32.2 - Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2003

Reports on Form 8-K: None.

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### SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

e-Smart Technologies, Inc.

By: /s/ Mary A. Grace  
-----  
Chief Executive Officer, and Director

By: /s/ Mary A. Grace  
-----  
Chief Financial Officer

Dated: August 16, 2004

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