

E-SMART TECHNOLOGIES INC  
Form 10QSB  
April 03, 2008  
Table of Contents

## U.S. 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: September 30, 2007

Transition report under section 13 or 15(d) of the Securities Exchange Act of 1934  
for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File No: 0-30717

## e-SMART TECHNOLOGIES, INC.

(Name of small business in its charter)

Nevada

88-0409261

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

(State or other jurisdiction of incorporation)

(IRS Employer Id. No.)

526 West 26<sup>th</sup> Street, Suite 710, New York, NY 10001

(Address of Principal Office including Zip Code)

Issuer's telephone Number: (212) 727-3790

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the 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

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

Common Stock, \$.001 par value, 703,918,509 shares at September 30, 2007.

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

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

**Table of Contents**

e-SMART TECHNOLOGIES, INC. & SUBSIDIARIES

FORM 10-QSB - QUARTER ENDED SEPTEMBER 30, 2007

INDEX

	<b>Page</b>
<b>PART I</b>	
<b><u>FINANCIAL INFORMATION</u></b>	<b>2</b>
Item 1.	
<u>Financial Statements</u>	2
<u>Condensed Consolidated Balance Sheets at September 30, 2007 and December 31, 2006</u>	3
<u>Condensed Consolidated Statements of Operations for the Nine and Three Months Ended September 30, 2007 and 2006</u>	4
<u>Condensed Consolidated Statements of Shareholders' Equity (Deficiency) for January 1, 2006 through September 30, 2007</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2007 and 2006</u>	6
<u>Notes to the Condensed Consolidated Financial Statements</u>	7
Item 2.	
<u>Management's Discussion and Analysis or Plan of Operations</u>	9
Item 3.	
<u>Controls and Procedures</u>	12
<b>PART II</b>	
<b><u>OTHER INFORMATION</u></b>	<b>12</b>
Item 6.	
<u>Exhibits and Reports on Form 8-K</u>	12
<u>SIGNATURES</u>	13
<u>EXHIBITS</u>	14

**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

The unaudited condensed consolidated balance sheet of the Registrant at September 30, 2007, the audited balance sheet at December 31, 2006, and the unaudited condensed consolidated statements of operations, shareholders' equity (deficiency), and cash flows for the nine months and three months ended September 30, 2007 and September 30, 2006 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 periods presented.

**Table of Contents**

e-SMART TECHNOLOGIES, INC. and SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	<i>[Unaudited]</i> September 30, 2007	<i>[Audited]</i> December 31, 2006
<b>Assets</b>		
Current assets -		
Cash	\$ 92,795	\$ 49,845
Prepaid expenses	22,797	7,558
<b>Total current assets</b>	<b>115,592</b>	<b>57,403</b>
Equipment, net	67,948	41,446
License of smart card technology, net of amortization	88,038	92,860
Officers' advances		11,549
Due from IVI Smart Technologies, Inc.	170,112	
Lease deposit	147,405	79,713
<b>Total assets</b>	<b>\$ 589,095</b>	<b>\$ 282,971</b>
<b>Liabilities and Shareholders' Equity (Deficiency)</b>		
Current liabilities -		
Current portion of notes payable	\$ 59,927	\$ 509,927
Accounts payable	1,904,717	1,286,904
Accrued officers' compensation	47,500	544,285
Accrued expenses	194,057	76,660
<b>Total current liabilities</b>	<b>2,206,201</b>	<b>2,417,776</b>
Note payable - long-term	222,545	1,946,394
<b>Total liabilities</b>	<b>2,428,746</b>	<b>4,364,170</b>
Shareholders' Equity (Deficiency) -		
Preferred Stock, \$0.001 par value, 20 million shares authorized; 17.5 million and -0- shares issued and outstanding in 2007 and 2006, respectively	17,500	
Common shares, \$0.001 par, 730 million shares authorized; 703,918,509 and 242,540,441 shares issued and outstanding in 2007 and 2006, respectively	703,918	242,540
Additional paid in capital	94,748,131	70,954,225
Deficit accumulated during development stage	(97,309,200)	(75,277,964)
<b>Total shareholders' equity (deficiency)</b>	<b>(1,839,651)</b>	<b>(4,081,199)</b>
<b>Total liabilities and shareholders' equity (deficiency)</b>	<b>\$ 589,095</b>	<b>\$ 282,971</b>

See notes to condensed consolidated financial statements.

**Table of Contents**

## e-SMART TECHNOLOGIES, INC. and SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

*[Unaudited]*

	Nine Months Ended September 30,		Three Months Ended September 30,		January 1, 2001 (inception of development period) to September 30, 2007
	2007	2006	2007	2006	2007
Revenue	\$	\$	\$	\$	\$
Operating expenses:					
Research and development	3,135,909	447,575	469,039	120,001	18,286,218
Marketing, general and administrative	18,780,813	2,773,878	4,062,622	1,075,417	78,548,651
Interest	112,864	163,996	953	62,988	463,881
Total operating expenses	22,029,586	3,385,449	4,532,614	1,258,406	97,298,750
Loss before provision for Income taxes	(22,029,586)	(3,385,449)	(4,532,614)	(1,258,406)	(97,298,750)
Provision for income taxes	1,650	2,000	350	500	10,450
Net Loss	\$ (22,031,236)	\$ (3,387,449)	\$ (4,532,964)	\$ (1,258,906)	\$ (97,309,200)
Loss per share	\$ (0.05)	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ (0.48)
Weighted average number of common shares outstanding	451,178,569	200,000,000	657,668,509	200,000,000	202,391,260

See notes to condensed consolidated financial statements.

**Table of Contents**

e-SMART TECHNOLOGIES, INC. and SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF

SHAREHOLDERS EQUITY (DEFICIENCY)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
<i>[Audited]</i>							
Balance January 1, 2006		\$	200,000,000	\$ 200,000	\$ 63,777,497	\$ (67,507,910)	\$ (3,530,413)
Issuance of shares in relation to related party borrowings			20,990,441	20,990	4,150,278		4,171,268
Issuance of shares for services			21,550,000	21,550	3,026,450		3,048,000
Net loss						(7,770,054)	(7,770,054)
Balance, December 31, 2006			242,540,441	242,540	70,954,225	(75,277,964)	(4,081,199)
<i>[Unaudited]</i>							
Balance, January 1, 2007			242,540,441	242,540	70,954,225	(75,277,964)	(4,081,199)
Issuance of shares for services			155,313,844	155,314	13,441,928		13,597,242
Issuance of shares in relation to related party borrowings			177,564,224	177,564	5,497,978		5,675,542
Issuance of shares pursuant to Plan of Reorganization	17,500,000	17,500			(17,500)		
Issuance of shares in payment of license fee			128,500,000	128,500	4,871,500		5,000,000
Net loss						(22,031,236)	(22,031,236)
Balance, September 30, 2007	17,500,000	\$ 17,500	703,918,509	\$ 703,918	\$ 94,748,131	\$ (97,309,200)	\$ (1,839,651)

See notes to condensed consolidated financial statements.

**Table of Contents**

## e-SMART TECHNOLOGIES, INC. and SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

*[Unaudited]*

	Nine Months Ended September 30,		January 1, 2001
	2007	2006	(inception of development) period to September 30, 2007
<b>Cash flows from Operating Activities -</b>			
Net loss	\$ (22,031,236)	\$ (3,387,449)	\$ (97,309,200)
Adjustments to reconcile net loss to net cash used in operating activities:			
Issuance of common stock and common stock options for services	13,597,242		72,593,742
Issuance of preferred and common stock in payment of license fee	5,000,000		5,000,000
Depreciation and amortization	26,827	17,170	104,263
Bad debt expense			312,505
Changes in assets and liabilities -			
Increase in prepaid expenses	(15,239)	(7,747)	(22,797)
Decrease in officers' advances	11,549	32,844	
Increase in accounts payable	617,813	463,832	1,904,717
Increase (decrease) in accrued expenses	(379,388)	290,118	513,797
<b>Net Cash Used in Operating Activities</b>	<b>(3,172,432)</b>	<b>(2,591,232)</b>	<b>(16,902,973)</b>
<b>Cash Flows from Investing Activities -</b>			
Acquisition of equipment	(48,507)	(11,728)	(131,649)
Purchase of technology licenses			(128,600)
Advances to IVI Smart Technologies, Inc.	(170,112)		(170,112)
Advances to Biosensor, LLC			(312,505)
(Addition) reduction of lease deposit	(67,692)	(4,999)	(147,405)
<b>Net Cash Used in Investing Activities</b>	<b>(286,311)</b>	<b>(16,727)</b>	<b>(890,271)</b>
<b>Cash Flows from Financing Activities -</b>			
Increase (decrease) in advances from Intermarket Ventures, Inc., a related party	(2,173,849)	2,483,118	4,789,406
Proceeds from other borrowings, net			47,500
Proceeds from issuances of shares			7,373,591
Shares issued in relation to borrowings from related parties	5,675,542		5,675,542
<b>Net Cash Provided by Financing Activities</b>	<b>3,501,693</b>	<b>2,483,118</b>	<b>17,886,039</b>
<b>Net Increase (decrease) in cash</b>	<b>42,950</b>	<b>(124,841)</b>	<b>92,795</b>
Cash at Beginning of Period	49,845	164,584	
<b>Cash at End of Period</b>	<b>\$ 92,795</b>	<b>\$ 39,743</b>	<b>\$ 92,795</b>
<b>Supplemental non-cash financing activities -</b>			
Issuance of shares for services	\$ 13,597,242	\$	\$ 72,593,742
Issuance of shares for license fee	5,000,000		5,000,000

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

See notes to condensed consolidated financial statements.



**Table of Contents**

e-SMART TECHNOLOGIES, INC. & SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 1 Basis of Presentation**

The Company has been in the development stage since the commencement of its operations on January 1, 2001. The accompanying unaudited consolidated financial statements include the accounts of the Registrant and its wholly-owned subsidiaries, e-Smart Korea, Inc. and e-Smart Systems, Inc., and have been prepared in accordance with generally accepted accounting principles for interim financial information. 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 nine and three month periods ended September 30, 2007 and 2006, are not necessarily indicative of the results that may be expected for the respective years ended December 31, 2007 and 2006.

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 fiscal year ended December 31, 2006, supplemented by the notes included herein. Certain prior year amounts disclosed in the accompanying financial statements and notes thereto have been reclassified to conform to the current period's presentation.

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 Letters of Comment**

From time to time the Staff of the Securities and Exchange Commission's Division of Corporate Finance may examine the periodic reports of a Registrant for compliance and form and forward letters relating to the content of such prior filings ( Letters of Comment ). The Company seeks to respond to all Letters of Comment received addressing any and all issues raised, including the filing of amended quarterly and annual reports as appropriate.

**Note 3 Related Party Transactions**

The Company is the owner of technology licenses which grant the Company the exclusive right to market the technology in particular territories. The three territories covered are the People's Republic of China, the remainder of Asia and the United States of America.

## **Table of Contents**

The licenses, which have a term of twenty years commencing January 1, 2001, were granted to the Company by IVI Smart Technologies, Inc. ( IVI ). During this period, IVI received common shares in relation to expansion of those licenses to include certain refinements to and expansions of the rights previously granted.

On May 4, 2007, pursuant to the Planned Reorganization and as reported in the Form 8-K filed as of that date, IVI relinquished its shareholdings of e-Smart and its right to receive additional shares and warrants in relation to its financing of the Company and issuance to the Company of licenses for technology, and cancelled existing indebtedness in exchange for the issuance of 17,500,000 preferred shares of e-Smart which possess 70% voting control of the Company.

Intermarket Ventures, Inc., IVI s parent ( Intermarket ), together with its two principal stockholders (the Company s President and Chief Executive Officer Mary A. Grace and its Chief Technology Officer Tamio Saito), continue to own a substantial percentage of the common stock of the Company and will continue to have the ability to materially influence the direction of the Company, its efforts in raising the additional capital critical to its success, and the strategies employed in commercialization of the licensed technology.

### **Note 4 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 September 30, 2007, of \$2,090,609. In addition, the Registrant has incurred an accumulated deficit of \$(97,309,200) through September 30, 2007. 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 technology. The Registrant's ability to continue to receive the necessary level of funding support through the efforts of its management cannot be guaranteed. 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.

### **Note 5 Contingencies**

The Securities and Exchange Commission has advised the Company that it is conducting an investigation. It has requested various documents that pertain to loans and the issuance and transfer of the Company s shares. The Company is cooperating with this request. Management cannot determine the effect, if any, that the investigation will have on the results of operations and financial condition.

**Table of Contents**

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

**Plan of Operation**

Since the inception of our development period on January 1, 2001, and continuing through September 30, 2007, our primary source of funds have been private placements of our equity securities to accredited investors and loans from IVI and Intermarket. We presently expect that this dependence will continue until our first system starts to generate sufficient cash flow to cover our operating costs. As of the date of this Report, we expect this dependence to continue through the first or second quarter of 2008. Based upon our current and planned rate of operating commitments, we will require approximately \$5,000,000 in additional funding during this period. Although management has identified several potential sources of institutional capital, there can be no assurance that we will be able to successfully obtain all or a portion of the funds required to commence commercial operations.

During July 2007, the Company opened its Engineering Production Center in Seoul, South Korea to be supervised by e-Smart's Chief Inventor and CTO, Tamio Saito, and Richard Kim, the general manager of e-Smart Korea. That center will coordinate all design and manufacturing functions, and we expect to deliver our product and implement our first system within the next six months.

Our ability to maintain what we believe to be the state-of-the-art quality of our Super Smart Card and BVS2 system and related technologies is dependent upon our ability to continue to improve our products functionality and durability, and to reduce their cost of manufacture. In addition, we are constantly trying to find and develop new products that enhance the functionality of our BVS2 platform. This research and development is expected to continue throughout 2007 and well into 2008. Accordingly, the Company expects to continue to be dependent upon funds from private financing.

We are constantly acquiring equipment in connection with our research and development activities. Our planned 2007 budget is approximately \$1,500,000 for such acquisitions, but could change depending upon our rate of accomplishment in the anticipated sales of one or more systems. Should such sales occur, we will also require an operations and testing center near those customers' offices as a condition of contract.

**Off-Balance Sheet Arrangements**

During the nine months ended September 30, 2007, we had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors. The Company is presently negotiating certain proposed relationships, which if accepted by all parties, may contain terms that have off-balance sheet implications; see Note 12 to the Consolidated Financial Statements in Item 7 of our Form 10-KSB for December 31, 2006.

## Table of Contents

### **Forward Looking Statements:**

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 products and 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 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.

### **Discussion and Analysis of the Nine Months Ended September 30, 2007 and 2006**

**Revenues** Since obtaining the license to the Super Smart Card 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 the global market for its optimal commercialization. In the opinion of management, the Registrant's Super Smart Card is ready for commercialization. This fact notwithstanding, the Registrant is still in its development stage for accounting purposes as it has not experienced revenues in either of the nine month periods ended September 30, 2007 (9M7) or September 30, 2006 (9M6).

**Operating Expenses** Operating expenses were \$22,029,586 for 9M7 compared to \$3,385,449 for 9M6 resulting in an increase of \$18,644,137 or 551%. This increase was principally attributable to the various engineering and consulting services, and a licensee fee which were acquired with common shares valued at \$13,597,242 and \$5,000,000, respectively. There were no comparable charges in 9M6.

**Loss Before Taxes and Income Taxes** As a result of the foregoing, loss before taxes for 9M7 was \$(22,029,586) compared to \$(3,385,449) for 9M6, upon which the Registrant's tax provision in both periods related solely to minimum franchise taxes.

**Net Loss** Consistent with the foregoing analysis, the Registrant reported a net loss of \$(22,031,236) or \$(0.05) per share for 9M7, compared to a net loss of \$(3,387,449) or \$(0.02) per share for 9M6, based upon weighted average shares outstanding of 451,178,569 and 200,000,000, respectively.

**Table of Contents**

**Discussion and Analysis of Three Months Ended September 30, 2007 and 2006**

**Revenues** Since obtaining the license to the Super Smart Card 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 the global market for its optimal commercialization. In the opinion of management, the Registrant's Super Smart Card is ready for commercialization. This fact notwithstanding, the Registrant is still in its development stage for accounting purposes as it has not experienced revenues in either of the three month periods ended September 30, 2007 ( 3Q7 ) or September 30, 2006 ( 3Q6 ).

**Operating Expenses** Operating expenses were \$4,532,614 for 3Q7 compared to \$1,258,406 for 3Q6 resulting in an increase of \$3,274,208 or 260%. This increase was principally attributable to the various engineering and consulting services associated with the expansion of our licensed technology which were acquired with common shares valued at \$3,025,000; there were no comparable charges in 3Q6.

**Loss Before Taxes and Income Taxes** As a result of the foregoing, loss before taxes for 3Q7 was \$(4,532,614) compared to \$(1,258,406) for 3Q6 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 \$(4,532,964) or \$(0.00) per share for 3Q7, compared to a net loss of \$(1,258,906) or \$(0.00) per share for 3Q6, based upon weighted average shares outstanding of 657,668,509 and 200,000,000, respectively.

**Liquidity and Capital Resources** The Registrant has limited working capital and is dependent upon the efforts of its management in obtaining financing 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 systems and Super Smart Card and other smart card system technologies are ready for commercialization.

At September 30, 2007, the Registrant had current assets of \$115,592 (including cash of \$92,795), current liabilities of \$2,206,201, and an accumulated deficit of \$(97,309,200). 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

**Table of Contents**

opinion of Registrant's management, the Registrant is entirely dependent upon private financing during the next several months in order to sustain its current developmental efforts, commence commercial operations, and ultimately transition out of the development stage.

**ITEM 3. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

The Company's Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) or 15d-15(e)) as of September 30, 2007, as required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15. Based upon this evaluation, the CEO and CFO has concluded that as of September 30, 2007, the Company's disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, and summarized, within the time periods specified in the Commission's rules and forms and that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to its management, including its principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures. Management also acknowledged that it failed to submit its periodic filings for the first, second and third quarters of 2007 in a timely fashion, and continues its efforts to ensure the level of funding that is necessary for the reporting function.

**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 CEO and CFO.

**PART II - OTHER INFORMATION**

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

Exhibits: 31.1 - Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002  
32.2 - Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  
Reports on Form 8-K: None.

**Table of Contents**

**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: April 3, 2008

**Table of Contents**

**Exhibit Index**

<b>Exhibit No.</b>	<b>Description</b>
31.1	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002