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E-SMART TECHNOLOGIES INC  
Form 10QSB  
December 29, 2004

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, 2002
- Transition report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 000-30717

e-SMART TECHNOLOGIES, INC.  
(Name of Small Business Issuer in its Charter)

Nevada 88-0409261  
(State of Incorporation) (I.R.S. Employer Identification No.)

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

(702) 447-5210  
(Issuer's Telephone Number)

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, 153,766,620 shares at September 30, 2002.

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

e-SMART TECHNOLOGIES, INC.  
FORM 10-QSB - QUARTERLY PERIOD ENDED JUNE 30, 2001  
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### PART I - FINANCIAL INFORMATION

#### ITEM 1. FINANCIAL STATEMENTS

The unaudited condensed balance sheets of e-Smart Technologies, Inc., (the "Registrant"), at September 30, 2002, the audited condensed balance sheet at December 31, 2001, and the unaudited condensed statements of operations, stockholders' equity, and cash flows for the nine month and three month periods ended September 30, 2002 and September 30, 2001 follow. The unaudited condensed financial statements reflect all adjustments that are, in the opinion of management, necessary to render a fair statement of the results for the interim periods presented.

#### e-SMART TECHNOLOGIES, INC. CONDENSED BALANCE SHEETS [Unaudited]

|   | September 30,<br>2002 | December 31,<br>2001 |
|---|-----------------------|----------------------|
| <b>Assets</b>                               |                       |                      |
| Current assets -                            |                       |                      |
| Cash  | \$ 7,087              | \$ 82                |
| Due from Associated Business Group, Inc.    | 35,000                | --                   |
| Total current assets                        | 42,087                | 82                   |
| Super Smart Card TM Technology              | 117,346               | 122,170              |
| Total assets                                | \$ 159,433            | \$ 122,252           |
| <b>Liabilities and Shareholders' Equity</b> |                       |                      |
| Current liabilities -                       |                       |                      |
| Income taxes payable                        | \$ 2,500              | \$ --                |
| Accrued interest payable                    | 4,603                 | --                   |
| Note payable                                | 150,000               | --                   |
|   |                       |                      |

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|   |             |            |
|---|-------------|------------|
| Total current liabilities   | 157,103     | --         |
|   | -----       | -----      |
| Shareholders' Equity -  |             |            |
| Common Stock, par value \$.001 per share,<br>300,000,000 authorized, 153,766,620 and<br>145,117,200 issued and outstanding,<br>respectively | 153,766     | 145,117    |
| Additional paid in capital  | 1,227,066   | 122,715    |
| Retained equity   | (1,378,502) | (145,580)  |
|   | -----       | -----      |
| Total shareholders' equity  | 2,330       | 122,252    |
|   | -----       | -----      |
| Total liabilities and shareholders' equity  | \$ 159,433  | \$ 122,252 |
|   | =====       | =====      |

See notes to condensed financial statements.

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

|   | Nine Months Ended<br>September 30 |            | Three Months Ended<br>September 30, |            |
|---|-----------------------------------|------------|-------------------------------------|------------|
|   | 2002                              | 2001       | 2002                                | 2001       |
|   | -----                             | -----      | -----                               | -----      |
| Revenue   | \$ --                             | \$ --      | \$ --                               | \$ --      |
|   | -----                             | -----      | -----                               | -----      |
| Expenses:   |                                   |            |                                     |            |
| Research and development                                | 290,000                           | --         | 270,000                             | --         |
| Selling, general and<br>administrative                  | 935,819                           | --         | 822,471                             | --         |
| Interest  | 4,603                             | --         | 4,603                               | --         |
|   | -----                             | -----      | -----                               | -----      |
| Total operating expenses                                | 1,230,422                         | --         | 1,097,074                           | --         |
|   | -----                             | -----      | -----                               | -----      |
| Loss before taxes                                       | (1,230,422)                       | --         | (1,097,074)                         | --         |
|   | -----                             | -----      | -----                               | -----      |
| Income tax  | 2,500                             | --         | 2,000                               | --         |
|   | -----                             | -----      | -----                               | -----      |
| Net loss  | \$ (1,232,922)                    | \$ --      | \$ (110,170)                        | \$ --      |
|   | -----                             | -----      | -----                               | -----      |
| Net loss per common share -<br>basic and fully-diluted  | \$ (0.00)                         | \$ (0.00)  | \$ (0.00)                           | \$ (0.00)  |
|   | -----                             | -----      | -----                               | -----      |
| Weighted average number of<br>common shares outstanding | 147,880,142                       | 59,101,000 | 149,989,555                         | 59,101,000 |
|   | -----                             | -----      | -----                               | -----      |

See notes to condensed financial statements

e-SMART TECHNOLOGIES, INC.  
CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY

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|                                      | Common Stock<br>Shares | Common Stock<br>Amount | Additional<br>Paid-in<br>Capital | Retained<br>Earnings<br>(Deficit) | Total       |
|--------------------------------------|------------------------|------------------------|----------------------------------|-----------------------------------|-------------|
| Balance, January 1, 2001             | 59,101,000             | \$ 59,101              | \$ 3,075                         | \$(2,944)                         | \$ 59,232   |
| Issuance of shares<br>for services   | 16,016,200             | 16,016                 | 119,640                          | --                                | 135,656     |
| Issuance of shares<br>for technology | 70,000,000             | 70,000                 | --                               | --                                | 70,000      |
| Net loss                             | --                     | --                     | --                               | (142,636)                         | (142,636)   |
| Balance, December 31, 2001           | 145,117,000            | \$ 145,117             | \$122,715                        | (145,580)                         | \$122,252   |
| (unaudited)                          |                        |                        |                                  |                                   |             |
| Balance January 1, 2002              | 145,117,000            | \$ 145,117             | \$122,715                        | (145,580)                         | \$122,252   |
| Issuance of shares<br>for cash       | 4,799,420              | 4,799                  | 851,201                          | --                                | 856,000     |
| Issuance of shares<br>for services   | 3,850,000              | 3,850                  | 253,150                          | --                                | 257,000     |
| Net loss                             | --                     | --                     | --                               | (1,232,922)                       | (1,232,922) |
| Balance, September 30, 2002          | 153,766,620            | \$153,766              | \$1,227,066                      | \$(1,378,502)                     | \$ 2,330    |

See Notes to condensed financial statements.

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

|  | Nine Months Ended September 30, |       |
|--|---------------------------------|-------|
|  | 2002                            | 2001  |
| Cash flows of operating activities                                   |                                 |       |
| Net loss   | \$(1,232,922)                   | \$ -- |
| Adjustments to reconcile net loss to net<br>cash used by operations: |                                 |       |
| Depreciation and amortization  | 4,824                           | --    |
| Decrease (increase) in assets -                                      |                                 |       |
| Due from Associated Bsuiness Group, Inc.                             | (35,000)                        | --    |
| Increase (decrease) in liabilities -                                 |                                 |       |
| Incometaxes payable  | 2,500                           | --    |
| Accrued interest payable   | 4,603                           | --    |

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|   |             |        |
|---|-------------|--------|
| Net cash used by operating activities     | (1,255,995) | --     |
|   |             |        |
| Cash flows of financing activities        |             |        |
| Proceeds from note payable                | 150,000     | --     |
| Proceeds from sale of common shares       | 856,000     | --     |
| Services received for common shares       | 257,000     | --     |
|   |             |        |
| Net cash provided by financing activities | 1,263,000   | --     |
|   |             |        |
| Net (decrease) increase in cash           | 7,005       | --     |
| Cash at beginning of period               | 82          | 631    |
|   |             |        |
| Cash at end of period                     | \$ 7,087    | \$ 631 |
|   |             |        |

See notes to condensed financial statements.

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

#### Note 1 - Basis of Presentation

The accompanying unaudited condensed financial statements 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. Results for the three month periods ended September 30, 2002 and 2001, are not necessarily indicative of the results that may be expected for the respective years ended December 31, 2002 and 2001.

The unaudited condensed 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 years ended December 31, 2002 and December 31, 2001, supplemented by the notes included herein. Such Annual Report on Form 10-KSB was the second Annual Report on Form 10-KSB to be filed by the Registrant since present management assumed control of the Registrant in December 2000. Prior thereto, the Registrant's last audited financial statements were filed with the Registrant's Form 10-SB12G 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 77% 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 originally licensed to the Registrant in 2000, and subsequently amended in 2001, for a 20-year

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term for commercialization throughout Asia and the United States. The Licensor's parent is Intermarket Ventures, Inc., a Utah corporation ("Ventures"). Mary A. Grace, the Registrant's President and Chief Executive Officer, is a director, executive officer and principal stockholder of the Licensor and Ventures. Tamio Saito, the Registrant's Chief Technology Officer, is also an executive officer and principal stockholder of the Licensor and Ventures. The Licensor and Ventures are 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.

### Note 3 - Going Concern

The Registrant's condensed 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, 2002 was comprised of \$(115,016). In addition, the Registrant has incurred an accumulated deficit from \$(1,378,502) through September 30, 2002. The Registrant is dependent upon the efforts of the Licensor and Ventures 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 this level of support from the Licensor and Ventures 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.

### 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, Lillian A. McEwen (the "ALJ"), 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, Judge, published an Initial Decision in the Proceeding. In her Initial Decision, the ALJ 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 ALJ found that the Registrant's violations were not only recurrent but also egregious, lasting over three years and continuing to the present. The ALJ added 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 ALJ was convinced that the Registrant could not readily remedy its periodic reporting violations, she concluded that a suspension would not sufficiently protect the investing public. The ALJ, therefore, rendered a decision to revoke the Registrant's registration. 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, the Registrant filed a petition with the SEC for review of the ALJ 's decision. The Registrant's petition was granted on March 26, 2004. On March 30, 2004, the Division of Enforcement asked that the ALJ'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

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opposition to the Registrant's petition for review. By June 30, 2004, the Registrant had filed all Form 10-QSB Quarterly Reports required to be filed for the two years ended December 31, 2003. On May 17, 2004, the Registrant timely filed its Form 10-QSB Quarterly report for the three months ended March 31, 2004.

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. On August 16, 2004, the Registrant timely filed its Form 10-QSB Quarterly Report for the three and six months ended June 30, 2004. On September 8, 2004, the Registrant filed an Annual Report on Form 10-KSB for the two years ended December 31, 2002.

On October 12, 2004, the SEC ordered the administrative proceeding brought against the Registrant remanded to the ALJ to afford her an opportunity to reassess her sanctioning determination in light of the circumstances of this case and the Registrant's subsequent filing of reporting record as outlined above.

On December 13, 2004, the Registrant participated at a hearing before the ALJ. At the hearing, and with a view towards resolving the matter through a Cease and Desist Order pursuant to Section 21C of the Securities Exchange Act of 1934, as amended, the Registrant agreed to file its three Form 10-QSB Quarterly Reports for the fiscal year ended December 31, 2002, its three Form 10-QSB Quarterly Reports for the fiscal year ended December 31, 2001, and its Form 10-KSB Annual Report for the fiscal year ended December 31, 2000, on or before January 14, 2005.

### 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 develop new products for new markets; the impact of competition on the Registrant's revenues, changes in law or regulatory requirements that adversely affect or preclude customers from using the Registrant's products for certain applications, 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.

Nine Months Ended September 30, 2002 and September 30, 2001

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Revenues - Since obtaining the original license to the Super Smart Card TM technology in 2000, and which was subsequently amended in 2001, the Registrant intends to engage in research and development efforts to enhance and broaden the technology's applications and to explore the global market for its optimal commercialization. The Registrant is still in its development stage for accounting purposes as it has not experienced revenues in either of the six month periods ended September 30, 2002 ("9M '02") or September 30, 2001 ("9M '01").

Expenses - Expenses rose to \$1,230,422 for 9M '02 compared to \$-0- for 9M '01. The principal factors underlying this increase were as follows: 1) an increase in research and development expenses in 6M '02 in line with the Registrant's commencement of investigation into the technology's commercialization potential, and 2) an increase in general and administrative expenses during 9M '02 consistent with the Registrant beginning to create the infrastructure it will require to oversee its affairs

Loss Before Taxes and Income Taxes - As a result of the foregoing, loss before taxes for 9M '02 was \$(1,230,422) compared to \$-0- for 9M '01 upon which the Registrant's provision for taxes in 9M '02 was solely attributable to state and local franchise taxes.

Net Loss - Consistent with the foregoing analysis, the Registrant reported a net loss of \$(1,232,922) or \$(0.01) per share for 9M '02, compared to a net loss of \$-0- or \$(0.00) per share for 9M '01, based upon weighted average shares outstanding of 147,880,142 and 59,101,000, respectively.

Nine Months Ended September 30, 2002 and September 30, 2001

Revenues - Since obtaining the original license to the Super Smart Card TM technology in 2000, which was subsequently expanded in 2001, the Registrant intends to engage in research and development efforts to enhance and broaden the technology's applications and to explore the global market for its optimal commercialization. In the opinion of management, the Registrant's Super Smart Card TM is ready for commercialization. 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, 2002 ("3Q '02") or September 30, 2001 ("3Q '01").

Expenses - Expenses rose to \$1,097,074 for 3Q '02 compared to \$-0- for 3Q '01. The principal factors underlying this increase were as follows: 1) an increase in general and administrative expenses during 3Q '02 consistent with the Registrant beginning to create the infrastructure it will require to oversee its affairs, and 2) an increase in general and administrative expenses during 9M '02 consistent with the Registrant beginning to create the infrastructure it will require to oversee its affairs.

Loss Before Taxes and Income Taxes - As a result of the foregoing, loss before taxes for 3Q '02 was \$(1,097,074) compared to \$-0- for 3Q '01 upon which the Registrant's provision for taxes in 3Q '02 was solely attributable to state and local franchise taxes.

Net Loss - Consistent with the foregoing analysis, the Registrant reported a net loss of \$(1,099,074) or \$(0.01) per share for 3Q '02, compared to a net loss of \$-0- or \$(0.00) per share for 3Q '01, based upon weighted average shares outstanding of 149,989,555 and 59,101,000, respectively.

Liquidity and Capital Resources - The Registrant has limited working capital and is dependent upon the efforts of the Licensor and Ventures in raising proceeds derived from private securities offerings for funds for the continuation of its proposed smart card business. Currently, the Registrant



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does not have any income from operations, 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 may 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 system technologies are expected to be ready for commercialization in early 2005.

At September 30, 2002, the Registrant had negative working capital of \$(115,016) of which \$7,087 was represented by cash, and had incurred an accumulated deficit from operations of \$(1,378,502). 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 generating sufficient cash from the sale of securities to its accredited investors to meet its requirements through 2002. The Registrant may rely on these same resources, as well as debt financing from time to time to meet its long-term capital needs.

### ITEM 3. CONTROLS AND PROCEDURES

#### Evaluation of Disclosure Controls and Procedures

During the quarter ended September 30, 2002, the Registrant had not yet begun 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 expected to be implemented during the next several fiscal quarters, the Chief Executive and Chief Financial Officer of the Registrant have concluded that the Registrant's disclosure controls and procedures are expected to improve substantially. Such officer also concluded that the Registrant's controls and procedures will likely equal or exceed those required of the Registrant within two or three more operating quarters.

#### 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 5. OTHER INFORMATION

#### Delinquent Filings

The Registrant has not filed all reports required to be filed by Section 13

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or 15(d) of the Exchange Act during the 12 months preceding the period covered by this Report. Although the Registrant has been subject to the Exchange Act filing requirements during such preceding 12 months, the only Exchange Act filings made by the Registrant that predated this report were its: (i) Form 8-K and 8-K/A Current Reports on December 12 and 13, 2000 reporting a change of control; (ii) Form 10-QSB and 10-QSB/A Quarterly Reports on October 5 and 10, 2000; (iii) Form 10-QSB Quarterly Report on August 11, 2000; and (iv) Form 10SB12G on May 30, 2000.

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

#### Exhibits:

- 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.

### 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: December 28, 2004

### EXHIBIT 31.1

e-SMART TECHNOLOGIES, INC.

### CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2003

I, Mary A. Grace, the Registrant's Chief Executive and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of e-Smart Technologies, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

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3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report; and

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:

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

b) Evaluated the increasing effectiveness of the Registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation.

Dated: December 28, 2004

/s/ Mary A. Grace  
-----  
Chief Executive Officer  
and Chief Financial Officer

EXHIBIT 32.1

E-SMART TECHNOLOGIES, INC.

CERTIFICATION PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2003

In connection with the Quarterly Report of e-Smart Technologies, Inc. on Form 10-QSB for the quarterly period ended March 31, 2001, as filed with the Securities and Exchange Commission on December 28, 2004 (the "Report"), the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2003, that:

(1) The Report fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of e-Smart Technologies, Inc.

Date: December 28, 2004

/s/ Mary A. Grace  
-----  
Chief Executive Officer  
and Chief Financial Officer

