SMART Technologies Inc.
Form F-1
June 24, 2010
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As filed with the Securities and Exchange Commission on June 24, 2010

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form F-1

REGISTRATION STATEMENT *UNDER THE SECURITIES ACT OF 1933*

SMART Technologies Inc.

(Exact name of Registrant as specified in its charter)

Alberta, Canada	**3577**	**Not applicable**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

3636 Research Road N.W.

Calgary, Alberta T2L 1Y1

(403) 245-0333

(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

SMART Technologies Corporation

1655 North Fort Myer Dr., Suite 1120

Arlington, VA 22209

(866) 766-6927

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Sharon R. Flanagan **Scott M. Freeman** **Sidley Austin LLP** **787 Seventh Avenue** **New York, NY 10019** **(212) 839-5300**	**David A. Spencer** **Bennett Jones LLP** **4500 Bankers Hall East** **855 2nd Street S.W.** **Calgary, Alberta** **Canada T2P 4K7** **(403) 298 3100**	**Joshua N. Korff** **Kirkland & Ellis LLP** **601 Lexington Avenue** **New York, NY 10022** **(212) 446-4800**	**Craig Wright** **Osler, Hoskin & Harcourt LLP** **100 King Street West** **1 First Canadian Place** **Suite 6100** **Toronto, Ontario** **Canada M5X 1B8** **(416) 362-2111**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee(2)**
Class A Subordinate Voting Shares	$730,710,000	$52,099.62

(1) Includes Class A Subordinate Voting shares that the underwriters may purchase, including pursuant to the option to purchase additional shares, if any, from the selling shareholders.

(2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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EXPLANATORY NOTE

The Registration Statement contains two forms of prospectus: one to be used in connection with an offering in the United States (the U.S. Prospectus) and one to be used in a concurrent offering in Canada and elsewhere (the Canadian Prospectus). The U.S. Prospectus and Canadian Prospectus are identical except for the front cover page and certain other pages, and except that the Canadian Prospectus includes a Certificate of SMART Technologies Inc. and a Certificate of the Canadian Underwriters . The form of the U.S. Prospectus is included herein and is followed by the front cover page, such other pages and such Certificates to be used in the Canadian Prospectus. Each of the alternate pages for the Canadian Prospectus included herein is labeled Alternate Page for Canadian Prospectus .

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The information in this prospectus is not complete and may be changed. We and the selling shareholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)

Issued June 23, 2010

Shares

SMART Technologies Inc.

CLASS A SUBORDINATE VOTING SHARES

SMART Technologies Inc. is offering of its Class A Subordinate Voting Shares, and the selling shareholders are selling Class A Subordinate Voting Shares. We will not receive any proceeds from the sale of shares by the selling shareholders. This is our initial public offering in the United States and Canada and no public market currently exists for our Class A Subordinate Voting Shares. We anticipate that the public offering price will be between $ and $ per Class A Subordinate Voting Share.

We have applied for listing of our Class A Subordinate Voting Shares on the NASDAQ Global Select Market under the symbol SMT and on the Toronto Stock Exchange under the symbol SMA .

Following this offering, we will have two classes of issued shares, Class A Subordinate Voting Shares and Class B Shares. The rights of the holders of Class A Subordinate Voting Shares and Class B Shares are substantially similar, except with respect to voting. Each Class A Subordinate Voting Share is entitled to one vote per share. Each Class B Share is entitled to 10 votes per share. Assuming an initial public offering price of $ (the mid-point of the range set forth above), upon the completion of this offering our outstanding Class A Subordinate Voting Shares and our outstanding Class B Shares will carry approximately [ ]% and [ ]%, respectively, of the total voting

power of all our outstanding shares.

Investing in our Class A Subordinate Voting Shares involves risks. See "Risk Factors" beginning on page 12 of this prospectus.

PRICE $ PER SHARE

	Price to Public	***Underwriting Discounts and Commissions***	***Proceeds to SMART Technologies Inc.***	***Proceeds to Selling Shareholders***
Per Share	*$*	*$*	*$*	*$*
Total	*$*	*$*	*$*	*$*

The selling shareholders have granted the underwriters an option to purchase up to additional Class A Subordinate Voting Shares to cover over-allotments exercisable at any time until 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the Class A Subordinate Voting Shares to purchasers on , 2010.

Morgan Stanley *Deutsche Bank Securities* *RBC Capital Markets*

BofA Merrill Lynch *Credit Suisse*

CIBC	*Cowen and Company*	*Piper Jaffray*	*Thomas Weisel Partners*

, 2010

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You should rely only on the information contained in this prospectus or in any free-writing prospectus we may specifically authorize to be delivered or made available to you. We have not, the selling shareholders have not, and the underwriters have not, authorized any other person to provide you with additional or different information. If anyone provides you with additional or different or inconsistent information, including information or statements in media articles about us, you should not rely on it. We are not, the selling shareholders are not, and the underwriters are not, making an offer to sell or seeking offers to buy the Class A Subordinate Voting Shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus or any free-writing prospectus is accurate only as of its date, regardless of its time of delivery or of any sale of Class A Subordinate Voting Shares. Our business, financial condition, results of operations and prospects may have changed since that date.

In this prospectus, unless otherwise specified, all monetary amounts are in United States dollars, all references to $, US$, U.S.$, U.S. dollars , dollars and USD mean U.S. dollars and all references to C$, Canadian dollars , CAD and CDN$ mean Canadian dollars. To the extent tha monetary amounts are derived from our consolidated financial statements included elsewhere in this prospectus, they have been translated into U.S. dollars in accordance with our accounting policies as described therein. Unless otherwise indicated, other monetary amounts have been translated into United States dollars at the June 23, 2010 noon buying rate published by the Bank of Canada, being U.S.$1.00 = C$1.0434.

Through and including , 2010 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all the information you should consider before buying our Class A Subordinate Voting Shares. You should read the entire prospectus carefully, especially the Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations sections and our consolidated financial statements and the related notes appearing at the end of this prospectus, before deciding to invest in our Class A Subordinate Voting Shares. Some of the statements in this prospectus constitute forward-looking statements. See Special Note Regarding Forward-Looking Statements and Industry Data. Unless the context otherwise requires, any reference to the company , SMART Technologies , we , our , us or similar terms in this prospectus refers to SMART Technologies Inc. and its subsidiaries. Because our fiscal year ends on March 31, references to a fiscal year refer to the fiscal year ended March 31 of the same calendar year. For example, when we refer to fiscal 2010, we mean our fiscal year ended March 31, 2010.

SMART TECHNOLOGIES INC.

Overview

SMART Technologies designs, develops and sells interactive technology products and solutions that enhance learning and enable people to collaborate in innovative and effective ways. We are the global leader in the interactive whiteboard product category, which is the core of our interactive technology solutions. We introduced the world s first interactive whiteboard in 1991 and since then have shipped over 1.6 million of our SMART Board interactive whiteboards worldwide.

SMART Board interactive whiteboards combine the simplicity of a whiteboard and the power of a computer. By touching the surface of a SMART Board interactive whiteboard, the user can control computer applications, access the Internet, write in digital ink and save and share work. Our award-winning interactive whiteboards are the result of more than 20 years of technological innovation focused on providing an intuitive and compelling user experience. Our interactive whiteboards are designed to serve as the focal point of a broad technology platform in classrooms and meeting rooms. We complement our interactive whiteboards with a range of modular and integrated interactive technology products and solutions, including hardware, software and content created by both our user community and professional content developers.

Since our introduction of the interactive whiteboard, interactive whiteboards and complementary solutions have been replacing and supplementing traditional learning and collaboration tools in classrooms and meeting rooms. The substantial majority of interactive whiteboard revenue historically has been within the education market. Gartner, a technology market research firm, estimates that annual worldwide spending on hardware and software in the education information technology market will grow from $16.5 billion in 2009 to $18.6 billion in 2012. Futuresource Consulting, a market research firm, expects the worldwide market for interactive whiteboards to grow from $1.1 billion in 2009 to $1.8 billion in 2012, representing a 19.5% compound annual growth rate. In addition to the interactive whiteboard product category, we believe there are significant revenue opportunities in complementary interactive hardware and software products in the education market. We further believe that additional attractive opportunities exist in the business and government markets for interactive whiteboards, as well as in the licensing of our touch-enabled technologies and sale of our touch-enabled solutions to other companies that seek to bring to market interactive touch products other than interactive whiteboards.

We have sold our products and solutions in over 100 countries and believe that our well-established distribution network provides us with a broad global presence and access to a large addressable market. In our fiscal year ended March 31, 2010, 71% of our revenue was generated in the United States and Canada, 23% in Europe, the Middle East and Africa, and 6% in the rest of the world. We have grown our revenue every year

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since fiscal 1992. In our fiscal years ended March 31, 2008, 2009 and 2010, our revenue was $378.6 million, $468.2 million and $648.0 million, respectively, which corresponds to year-over-year growth rates of 24% in fiscal 2009 and 38% in fiscal 2010.

Our Competitive Strengths

We believe that the following competitive strengths position us well to compete effectively:

Interactive Whiteboard Pioneer and Established Global Category Leader. We are the global leader in the interactive whiteboard product category having introduced the world s first interactive whiteboard in 1991. According to Futuresource Consulting, for the year ended December 31, 2009, our share of the interactive whiteboard product category was 61% in the United States and 48% worldwide.

Our Focus on a Compelling User Experience. While technologically sophisticated, our products are intuitive, easy to use and highly reliable and can seamlessly integrate with our complementary products and the products of many third parties. Our focus on the end-user has been integral to our organization and culture since our inception. As a result, we have an established team of product developers and usability experts whose priority throughout the innovation process is the customer experience.

Portfolio of Innovative Solutions. We have more than 20 years of innovation experience and have independently introduced five major generations of SMART Board interactive whiteboards, released five major versions of our SMART Notebook software and have developed, and acquired a company that has developed, several generations of proprietary optical touch technologies and solutions. In addition to our interactive whiteboards, we also offer a range of hardware, software and content designed to integrate seamlessly with our interactive whiteboards. Our commitment to innovation and technological advancement has resulted in 59 patents issued in the United States, 57 patents issued in other countries and approximately 456 patent applications pending worldwide.

Premier Brand. We believe our SMART brand is the most recognized brand name in the interactive whiteboard category. We have consciously built our portfolio of products and solutions around the SMART brand so that schools, businesses and government agencies can expect the same intuitive use, value and integration from all our products. We believe that word-of-mouth recommendations from customers and established online user communities are key contributors to our strong brand and will help us increase our sales.

Large and Loyal User Base. Based on our current installed base in primary and secondary education and an assumed average classroom size of 24 students, we estimate that at least 30 million students and teachers currently use SMART Board interactive whiteboards and other SMART products worldwide. We believe that our users are loyal to the SMART Board interactive whiteboard because of their familiarity and comfort with operating our products, their investment in creating materials specifically for use with our products and the overall quality of their user experience. We also believe that many students who have learned on a SMART Board interactive whiteboard will prefer to continue learning and collaborating with similar technology in higher education or the workforce and that our large and loyal customer base will be a source of demand for our products from these market sectors in the future.

Large and Growing Community of Content Developers. As a result of our category-leading position in interactive whiteboards and our broad user base, many end-users and professional content developers work with our SMART Notebook software to develop content for education, such as lessons with integrated multimedia. In many cases, this content is freely shared through content-sharing websites, and increasingly, is also being sold by content developers as supplementary materials or as part of a textbook offering.

Well-Established Global Distribution Network. We have spent almost 20 years building our global network of approximately 365 direct dealers and distributors. We believe that our strong global network of knowledgeable resellers is a critical competitive advantage as we seek to increase our revenue generated outside of the United States, the United Kingdom and Canada. We believe that this network will also help us to further address the business and government markets since many of our resellers already sell to business and government accounts.

Our Strategy for Growth

Our mission is to change the way the world works and learns. We plan to continue to grow our business based on our position as the global leader in the interactive whiteboard product category through the following key strategies:

Acquire New Customers in the Education Market. According to Futuresource Consulting, as of December 31, 2009, only 7% of the estimated 41 million teaching spaces globally had an interactive whiteboard. We believe that our current market leadership and strong portfolio of solutions position us to increase sales as more schools introduce interactive whiteboards. We will continue to pursue and/or support schools and school districts that are investing in technology-enhanced teaching and learning products. We believe that many of our existing and future solutions will continue to be well-suited to the education market and we intend to increase our sales efforts in this area.

Further Penetrate the Education Market by Providing Additional Hardware, Software and Content Products. Our success has been driven by the adoption of our SMART Board interactive whiteboard. We intend to turn our integrated education platform, consisting of a SMART Board interactive whiteboard with integrated projector options, our SMART Notebook software and SMART Exchange, our online content-sharing platform, into the hub of a growing collection of interactive technology products in the classroom. We believe that our expanding portfolio of products, including hardware, software and content, complements our integrated education platform to provide a more compelling classroom experience. We also intend to increase the depth and quality of the digital content offered by us for use on our interactive whiteboards through a mixture of both free and premium content.

Accelerate Adoption in Business and Government Markets. We estimate that approximately 15% of our revenue in fiscal 2010 came from the business and government markets. We intend to accelerate the adoption of our products in these markets and have recently implemented senior management changes to increase our focus in these areas. Our growth strategy in these markets will focus on increasing the simplicity and ease of use of our products, while fully integrating them with critical business processes and products from other vendors of collaboration technologies.

Maintain Technology Innovation Leadership. We believe that our focus on creating easy-to-use products and an excellent user experience is central to our continued leadership in the interactive whiteboard product category and an integral part of our culture. We will seek to maintain our leadership position through continued investment in the development of new products and solutions. In addition to continued hardware and software development, we intend to increase our offering of free and premium content for the education sector through SMART Exchange, our online community and content-sharing platform. We will also continue to license our patented technologies and sell our solutions to other companies that seek to bring to market interactive touch products other than interactive whiteboards. As a result of our acquisition of Next Holdings Limited, or NextWindow, discussed below, our technologies and solutions are currently used in touch-enabled PC displays of several leading manufacturers, as well as in non-PC interactive displays. We expect to consider acquiring additional companies, technology and patents to further enhance our leadership position.

Expand Geographical Reach. We are committed to expanding our geographical reach and increasing adoption of our products worldwide. We will seek to expand in continental Europe, Asia and in other countries, where we believe average penetration rates are currently lower than in the United Kingdom, the United States,

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Mexico and Canada. Our SMART Notebook software is already offered in 48 languages, our SMART Classroom Suite software is available in 22 languages and we currently have offices in 11 countries. We intend to expand our geographical reach by opening offices in additional countries, by continuing to hire additional sales personnel globally and by increasing our global distribution network.

Recent Developments

On April 21, 2010, we acquired all the share capital of NextWindow, which designs and manufactures components for optical touch screens for integration into electronic displays, including PC displays. For the fiscal years ended March 31, 2008 and 2009, NextWindow s revenue was $5.4 million and $31.8 million, respectively, as reported on NextWindow s audited financial statements, which were prepared using International Financial Reporting Standards. For the fiscal year ended March 31, 2010, NextWindow s unaudited revenue was approximately $46.4 million. NextWindow is headquartered in Auckland, New Zealand. We expect to leverage NextWindow s technologies with ours to accelerate innovation in future generations of our interactive whiteboards. We also expect that NextWindow s existing relationships with leading PC display manufacturers and other electronics equipment manufacturers will accelerate our ability to expand into the market for interactive touch products other than interactive whiteboards. We believe that NextWindow s patent portfolio, which includes seven patents and approximately 82 patents pending for optical touch technologies, will complement and strengthen our existing patent portfolio and help us maintain our leadership in technology innovation in this area. NextWindow has four facilities and 119 employees that bring additional skills and capabilities to our organization. The consideration for our acquisition of NextWindow consisted of $82.0 million in cash, which we funded from our available cash.

Risks Associated with Our Business

Investing in our Class A Subordinate Voting Shares involves risks. Our business is subject to numerous risks, as discussed more fully in the section entitled Risk Factors immediately following this prospectus summary. These risks and uncertainties include, but are not limited to, the following:

- we may not be able to manage our growth;
- we operate in a highly competitive industry;
- we may not be able to obtain patents or other intellectual property rights necessary to protect our proprietary technology and business;
- we may infringe on or violate the intellectual property rights of others;
- if we are unable continually to enhance our current products and to develop, introduce and sell new products at competitive prices and in a timely manner, our business would be harmed;
- the emerging market for interactive learning and collaboration products may not develop as we expect;

- if there are decreases in spending or changes in the spending policies or budget priorities for government funding of schools, colleges, universities, other education providers or government agencies, we could lose revenue; and

- the concentration of voting power and control with our co-founders, Intel and Apax Partners, will limit your ability to influence corporate matters, including takeovers.

Our Principal Shareholders

Our co-founders, David A. Martin and Nancy L. Knowlton, through IFF Holdings Inc., a company they wholly own (which we refer to as IFF in this prospectus), Intel Corporation (which we refer to as Intel in this prospectus) and funds advised or managed by Apax Partners L.P. and Apax Partners Europe Managers Ltd. (which we collectively refer to as Apax Partners in this prospectus) together beneficially own all our Class B Shares. See Principal and Selling Shareholders.

Company Information

We were incorporated under the *Business Corporations Act* (Alberta), or the ABCA, on June 11, 2007. On August 28, 2007, the then shareholders of the predecessor of the company signed an agreement with Apax Partners to effect a corporate reorganization, which we refer to as the Corporate Reorganization, pursuant to which the shareholders of our predecessor company reduced their combined ownership interest to 50.1% and Apax Partners acquired a 49.9% interest in our company. See Certain Relationships and Related Party Transactions. On February 26, 2010, we changed our name from SMART Technologies (Holdings) Inc. to SMART Technologies Inc. Prior to the completion of this offering, we will complete the reorganization described under Description of Share Capital 2010 Reorganization, which we refer to in this prospectus as the 2010 Reorganization. Our principal executive offices and registered office are located at 3636 Research Road N.W., Calgary, Alberta, Canada, and our telephone number at that address is (403) 245-0333. Our website address is *http://www.smarttech.com*. Information on our website is not, and should not be considered, part of this prospectus.

SMART , SMART Board , SMART Notebook , SMART Response , Bridgit , SMART Ideas , Unifi , SMART Table , SMART Classroom Suite , SMART Exchange , SMART Podium , SMART Document Camera , SMART Slate , SMART Board Interactive Display , SMART Audio , SMART Hub , SMART Notebook Express , SMART Notebook SE , SMART Sync , SMART Notebook Math Tools , SMART Meeting Pro , SMART Meeting Pro Premium , Extraordinary Made Simple and the logos and are certain of our trademarks. Other trademarks, trade names or service marks appearing in this prospectus belong to their respective holders.

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THE OFFERING

Class A Subordinate Voting Shares offered	
By us	shares
By the selling shareholders	shares
Total	shares
Total shares to be outstanding immediately after this offering	
Class A Subordinate Voting Shares	shares
Class B Shares	shares
Total	shares
Over-allotment option	The selling shareholders have granted the underwriters an option to purchase up to additional Class A Subordinate Voting Shares at the initial public offering price of $ per share, less underwriting discounts and commissions, within 30 days of the date of this prospectus to cover over-allotments, if any.
Use of proceeds	We estimate that we will receive net proceeds of approximately $ million from the sale of our Class A Subordinate Voting Shares in this offering, based upon an assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover of this prospectus). We will not receive any proceeds from the sale of the shares by the selling shareholders.

We plan to use $59 million of the estimated net proceeds of this offering to repay approximately $19 million of our term construction facility and $40 million of our unsecured term loan. We plan to use the remaining net proceeds for working capital and other general corporate purposes, which may include potential acquisitions. See Use of Proceeds.

Dividend policy	We do not anticipate paying any cash dividends on our Class A Subordinate Voting Shares or our Class B Shares in the foreseeable future. We anticipate that we will retain all our available funds for use in the operation and development of our business. See Dividend Policy.
Proposed NASDAQ Global Select Market symbol	SMT
Proposed Toronto Stock Exchange symbol	SMA
Risk Factors	Investing in our Class A Subordinate Voting Shares involves risks. See Risk Factors beginning on page 11 and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our Class A Subordinate Voting Shares.

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Unless otherwise expressly stated or the context otherwise requires, the information in this prospectus assumes:

- an initial public offering price of $ per Class A Subordinate Voting Share (the mid-point of the price range set forth on the cover of this prospectus);

- except for our consolidated financial statements and the information in this prospectus derived from those statements, that our 2010 Reorganization described under Description of Share Capital 2010 Reorganization has occurred with the effective conversion of each of our shareholder note payable and cumulative preferred shares, together with all accrued interest and accumulated dividends thereon through May 22, 2010, into Class B Shares or Class A Subordinate Voting Shares at an assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover of this prospectus); and

- no exercise by the underwriters of their over-allotment option.

The number of our Class A Subordinate Voting Shares and Class B Shares to be outstanding immediately after this offering excludes:

- [ ] Class A Subordinate Voting Shares issuable upon the exercise of options to purchase our Class A Subordinate Voting Shares to be issued in connection with this offering at an exercise price equal to the initial public offering price; and

- [ ] Class A Subordinate Voting Shares reserved for issuance under our 2010 Equity Incentive Plan, which will be effective upon completion of this offering.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated financial data for the years ended March 31, 2008, 2009 and 2010 has been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. Historical results are not necessarily indicative of the results to be expected in future periods.

The summary consolidated balance sheet data as of March 31, 2010 is presented on an actual basis, on a pro forma basis giving effect to the 2010 Reorganization described under Description of Share Capital 2010 Reorganization, with the effective conversion of each of our shareholder note payable and cumulative preferred shares, together with all accrued interest and accumulated dividends thereon through May 22, 2010, into Class B Shares or Class A Subordinate Voting Shares at an assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover of this prospectus), and on a pro forma as adjusted basis to further give effect to the sale of the Class A Subordinate Voting Shares offered at an assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover of this prospectus) and our receipt of the estimated net proceeds from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and the use of a portion of estimated net proceeds from this offering to repay a portion of our term construction facility and unsecured term loan. See Use of Proceeds. The summary consolidated financial data presented herein does not reflect our acquisition of NextWindow, which was completed on April 21, 2010.

You should read the following summary consolidated financial data together with our audited consolidated financial statements, including the related notes, and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

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	Fiscal Year Ended March 31, 2008	2009	2010
	(in millions, except per share amounts)		
Consolidated Statement of Operations Data:			
Revenue	$ 378.6	$ 468.2	$ 648.0
Cost of sales	226.7	268.2	326.5
Gross margin	151.9	200.0	321.5
Operating expenses:			
Selling, marketing and administration	85.9	99.7	138.8
Research and development	20.6	25.0	33.6
Depreciation and amortization	3.5	5.8	15.9
Operating income	41.9	69.5	133.2
Non-operating expenses:			
Corporate Reorganization(1)	21.0		
Interest expense(2)	61.5	78.6	64.9
Foreign exchange (gain) loss	(9.3)	94.0	(91.8)
Other income, net(3)	(1.1)	(0.8)	(0.2)
Income (loss) before income taxes	(30.2)	(102.3)	160.3
Income tax expense (recovery)	(6.5)	4.3	18.3
Net income (loss)	$ (23.7)	$ (106.6)	$ 142.0
Net income (loss) per share basic and diluted(4)	$ (0.14)	$ (0.63)	$ 0.81
Weighted average number of shares outstanding basic and diluted(4)	170.1	170.1	176.3
Pro forma net income (loss) per share basic and diluted(6)(8)(9)			
Pro forma average number of shares outstanding basic and diluted(6)(8)(9)			
Other Financial Data:			
Adjusted EBITDA(5)	$ 58.7	$ 90.9	$ 166.3

	As of March 31, 2010 Actual	Pro Forma(6)	Pro Forma As Adjusted(6)(7)
	(in millions)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 230.2	$ 222.2	
Total assets	$ 528.1	$ 520.1	
Long-term debt, including current portion	$ 997.8	$ 567.9	
Total liabilities	$ 1,222.4	$ 791.1	
Total shareholders deficit	$ (694.3)	$ (271.0)	

(1) See Note 3 to our consolidated financial statements included elsewhere in this prospectus.

(2) Interest expense includes cash and non-cash interest expense, amortization of deferred financing fees and fair value of derivatives.

(3) Other income, net includes interest income and gains and losses on sales of property and equipment.

(4) Basic and diluted net income (loss) per share has been calculated on the basis that the shares issued as part of the Corporate Reorganization were outstanding at the beginning of the year and for comparative periods presented.

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(5) Adjusted EBITDA is a non-GAAP measure that is described and reconciled to net income (loss) below and is not a substitute for the GAAP equivalent. We define Adjusted EBITDA as earnings before interest, income taxes, depreciation and amortization, as well as adjusting for the following items: foreign exchange gains or losses, change in deferred revenue, Corporate Reorganization costs, acquisition costs and other income. We use Adjusted EBITDA as a key metric to assess business performance when we evaluate our results in comparison to budgets, forecasts, prior year financial results and other companies in our industry. Many of these companies use similar non-GAAP measures to supplement their GAAP disclosures but such measures may not be directly comparable. The following table sets forth the reconciliation of net income (loss) to Adjusted EBITDA. See also Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations Adjusted EBITDA.

	Fiscal Year Ended March 31,		
	2008	2009	2010
		(in millions)	
Adjusted EBITDA			
Net income (loss)	$ (23.7)	$ (106.6)	$ 142.0
Income tax expense (recovery)	(6.5)	4.3	18.3
Depreciation in cost of sales	3.7	3.9	2.0
Depreciation and amortization	3.5	5.8	15.9
Interest expense	61.5	78.6	64.9
Corporate Reorganization costs(i)	21.0		
Acquisition costs			1.8
Other income	(1.1)	(0.8)	(0.2)
Foreign exchange loss (gain)	(9.3)	94.0	(91.8)
Change in deferred revenue(ii)	9.6	11.7	13.4
Adjusted EBITDA	$ 58.7	$ 90.9	$ 166.3

(i) See Note 3 to our consolidated financial statements included elsewhere in this prospectus.

(ii) Change in deferred revenue is calculated as the difference between deferred revenue and deferred revenue recognized. In accordance with our revenue recognition policy described under Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Revenue Recognition , deferred revenue represents the portion of our sales that we do not recognize in the period. Deferred revenue recognized represents the portion of our revenue deferred in a prior period that we recognized in the current period. We deferred revenue of $27.1 million, $31.1 million and $36.9 million in fiscal 2008, 2009 and 2010, respectively.

(6) Reflects the effect of the 2010 Reorganization described under Description of Share Capital 2010 Reorganization with the effective conversion of each of our shareholder note payable and cumulative preferred shares, together with all accrued interest and accumulated dividends thereon through May 22, 2010, into Class B Shares or Class A Subordinate Voting Shares at an assumed initial public offering price of $ per share (the mid-point of the price range set forth on the cover of this prospectus).

(7) Assumes net proceeds to us from this offering of $ million. A $1.00 increase (decrease) in the assumed initial public offering price of $ per Class A Subordinate Voting Share (the mid-point of the price range set forth on the cover of this prospectus) would increase (decrease) pro forma as adjusted cash and cash equivalents by $ million and decrease (increase) total shareholders deficit by $ million, (i) assuming the number of Class A Subordinate Voting Shares offered by us, as set forth on the cover of this prospectus, remains the same and (ii) after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

(8) Presented only in respect of the fiscal year ended March 31, 2010.

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(9) Pro forma net income per share is calculated by dividing pro forma net income by pro forma weighted average number of shares outstanding. Pro forma net income for fiscal 2010 is calculated as follows:

	Fiscal Year Ended March 31, 2010 (in millions)
Pro forma net income	
Net income (loss)	$ 142.0
Related party interest expense	34.6
Tax impact of related party interest expense	(10.1)
Pro forma net income	$ 166.5

Pro forma weighted average number of shares outstanding is calculated from weighted average number of shares outstanding as follows:

	Fiscal Year Ended March 31, 2010 (in millions)
Pro forma weighted average number of shares outstanding	
Weighted average number of shares outstanding	176.3
Weighted average number of shares outstanding after 1 for 2 reverse split	88.2
Additional shares issued as a result of the 2010 Reorganization (see note 6 above)	[ ]
Pro forma weighted average number of shares outstanding	[ ]

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RISK FACTORS

Investing in our Class A Subordinate Voting Shares involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all the other information contained in this prospectus, before deciding whether to purchase our Class A Subordinate Voting Shares. If any of the following risks materialize, then our business, financial condition, results of operations and future prospects would likely be materially and adversely affected. In that event, the market price of our Class A Subordinate Voting Shares would likely decline and you could lose part of or all your investment.

Risks Related to Our Business

We may not be able to manage our growth.

In recent years we have substantially expanded our headcount, facilities and infrastructure, and anticipate that further expansion will be required for our business. Our total number of employees increased from 824 as of December 31, 2005 to 1,513 as of March 31, 2010. In addition, two of our five executive officers, including our Chief Financial Officer, and three of our nine other officers joined us in the last two years. As a result, certain members of our management team lack the institutional knowledge about our company that is typically required to manage a business of our size and our stage of development. Our expansion has placed, and we expect it will continue to place, a significant strain on our management, operational and financial resources. For example, we experienced significant difficulties implementing our enterprise resource planning system; see We experienced significant difficulties implementing our enterprise resource planning system below. We cannot assure you that we will be able to better integrate any additional management systems we may require in the future.

Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. We must continue to effectively hire, train and manage new employees. If our new hires perform poorly, if we are unsuccessful in hiring, training, managing and integrating these new employees, or if we are not successful in retaining our existing employees, our business may be harmed. To manage any significant growth of our operations and personnel, we will need to improve our operational and financial systems, procedures and controls and may need to obtain additional systems.

Our current growth also creates difficulties in budgeting expenses and forecasting demand for our products, which can lead to delays in managing the production and shipment of our products and to difficulties in managing cash flows. In addition, the difficulties and risks associated with our growth could be exacerbated by our expansion into foreign markets, see We face significant challenges growing our sales in foreign markets below. If we are unable to manage our growth rate, our business could be harmed and our results of operations and financial condition could be materially adversely affected.

We operate in a highly competitive industry.

We are engaged in an industry that is highly competitive. Because our industry is evolving and characterized by technological change, it is difficult for us to predict whether, when and by whom new competing technologies may be introduced or when new competitors may enter the market. We face increased competition from companies with strong positions in certain markets we currently serve and in new markets and regions we may enter. We compete with other interactive whiteboard developers such as Promethean World Plc, currently our principal competitor, Hitachi, Ltd., Panasonic Corporation and Samsung Electronics Co. In addition, makers of personal computer technologies, television screens, mobile phones and other technology companies such as Apple Inc., Cisco Systems, Inc., Dell Inc., Hewlett-Packard Company, LG Electronics, Inc. and Microsoft Corporation may seek to provide integrated solutions that include interactive learning and collaboration features substantially similar to those offered by our products. Many of our current and potential future competitors have significantly greater financial and other resources than we do and may spend significant amounts of resources to try to enter the market. We cannot assure you that we will be able to compete effectively against current and future competitors. In addition, increased competition or other competitive pressures may result in price

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reductions, reduced margins or loss of market share, any of which could have a material adverse effect on our business, financial condition or results of operations.

Some of our customers are required to purchase equipment by soliciting proposals from a number of sources and, in some cases, are required to purchase from the lowest cost bidder. While we attempt to price our products competitively based upon the relative features they offer, our competitors prices and other factors, we are not typically the lowest bidder and may lose sales to lower bidders. When we are the successful bidder, it is most often as a result of our products being perceived as providing better value to the customer. Our ability to provide better value to the customer depends on continually enhancing our current products and developing new products at competitive prices and in a timely manner. We cannot assure you that we will be able to continue to maintain our value advantage and be competitive. See also, If we are unable continually to enhance our current products and to develop, introduce and sell new products at competitive prices and in a timely manner, our business would be harmed below.

Competitors may be able to respond to new or emerging technologies and changes in customer requirements more effectively than we can, or devote greater resources to the development, promotion and sale of products than we can. Current and potential competitors may establish cooperative relationships among themselves or with third parties, including through mergers or acquisitions, to increase the ability of their products to address the needs of our current or prospective customers. If these competitors were to acquire significantly increased market share, it could have a material adverse effect on our business, financial condition or results of operations.

We may not be able to obtain patents or other intellectual property rights necessary to protect our proprietary technology and business.

Our commercial success depends to a significant degree upon our ability to develop new or improved technologies and products, and to obtain patents or other intellectual property rights or statutory protection for these technologies and products in Canada, the United States and other countries. We seek to patent concepts, components, processes, designs and methods, and other inventions and technologies that we consider to have commercial value or that will likely give us a technological advantage. We own rights in patents and patent applications for technologies relating to interactive whiteboards and other complementary products in Canada, the United States and other countries. Despite devoting resources to the research and development of proprietary technology, we may not be able to develop technology that is patentable or protectable. Patents may not be issued in connection with our pending patent applications and claims allowed may not be sufficient to allow us to use the inventions that we create exclusively. Furthermore, any patents issued to us could be challenged, held invalid or unenforceable or circumvented and may not provide us with sufficient protection or a competitive advantage. In addition, despite our efforts to protect and maintain our patents, competitors and other third parties may be able to design around our patents or develop products similar to our products that are not within the scope of our patents. Finally, patents provide certain statutory protection only for a limited period of time that varies depending on the jurisdiction and type of patent. The statutory protection term of certain of our material patents may expire soon and, thereafter, the underlying technology of such patents can be used by any third party including our competitors.

A number of our competitors and other third parties have been issued patents, or may have filed patent applications, or may obtain additional patents or other intellectual property rights for technologies similar to those that we have developed, used or commercialized, or may develop, use or commercialize, in the future. As certain patent applications in the United States and other countries are maintained in secrecy for a period of time after filing, and as publication or public awareness of new technologies often lags behind actual discoveries, we cannot be certain that we were the first to develop the technology covered by our pending patent applications or issued patents or that we were the first to file patent applications for the technology covered by our issued patents and patent pending applications. In addition, the disclosure in our patent applications, including in respect of the utility of our claimed inventions, may not be sufficient to meet the statutory requirements for patentability in all cases. As a result, we cannot assure you that our patent applications will result in valid or enforceable patents or that we will be able to protect or maintain our patents.

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Prosecution and protection of the rights sought in patent applications and patents can be costly and uncertain, often involve complex legal and factual issues and consume significant time and resources. In addition, the breadth of claims allowed in our patents, their enforceability and our ability to protect and maintain them cannot be predicted with any certainty. The laws of certain countries may not protect intellectual property rights to the same extent as the laws of Canada or the United States. Even if our patents are held to be valid and enforceable in a certain jurisdiction, any legal proceedings that we may initiate against third parties to enforce such patents will likely be expensive, take significant time and divert management s attention from other business matters. We cannot assure you that any of our issued patents or pending patent applications will provide any protectable, maintainable or enforceable rights or competitive advantages to us.

In addition to patents, we rely on a combination of copyrights, trademarks, trade secrets and other related laws and confidentiality procedures and contractual provisions to protect, maintain and enforce our proprietary technology and intellectual property rights in the United States, Canada and other countries. However, our ability to protect our brand by registering certain trademarks may be limited. See We may not be able to protect our brand, and any failure to protect our brand would likely harm our business below. In addition, while we generally enter into confidentiality and non-disclosure agreements with our employees, consultants, contract manufacturers, distributors and dealers and with others to attempt to limit access to and distribution of our proprietary and confidential information, it is possible that:

- misappropriation of our proprietary and confidential information, including technology, will nevertheless occur;
- our confidentiality agreements will not be honored or may be rendered unenforceable;
- third parties will independently develop equivalent, superior or competitive technology or products;
- disputes will arise with our current or future strategic licensees, customers or others concerning the ownership, validity, enforceability, use, patentability or registrability of intellectual property; or
- unauthorized disclosure of our know-how, trade secrets or other proprietary or confidential information will occur.

We cannot assure you that we will be successful in protecting, maintaining or enforcing our intellectual property rights. If we are not successful in protecting, maintaining or enforcing our intellectual property rights, then our business, operating results and financial condition could be materially adversely affected.

We may infringe on or violate the intellectual property rights of others.

Our commercial success depends, in part, upon our not infringing or violating intellectual property rights owned by others. The industry in which we compete has many participants that own, or claim to own, intellectual property. We cannot determine with certainty whether any existing third-party patents, or the issuance of any new third-party patents, would require us to alter our technologies or products, obtain licenses or cease certain activities, including the sale of certain products.

We have received, and we may in the future receive, claims from third parties asserting infringement and other related claims. Litigation has been and may continue to be necessary to determine the scope, enforceability and validity of third-party intellectual property rights or to protect, maintain and enforce our intellectual property rights. Some of our competitors have, or are affiliated with companies having, substantially greater resources than we have, and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we can. Regardless of whether claims that we are infringing or violating patents or other intellectual property rights have any merit, those claims could:

- adversely affect our relationships with current or future distributors and dealers of our products;
- adversely affect our reputation with customers;
- be time-consuming and expensive to evaluate and defend;

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- cause product shipment delays or stoppages;
- divert management s attention and resources;
- subject us to significant liabilities and damages;
- require us to enter into royalty or licensing agreements; or
- require us to cease certain activities, including the sale of products.

If it is determined that we have infringed, violated or are infringing or violating a patent or other intellectual property right of any other person or if we are found liable in respect of any other related claim, then, in addition to being liable for potentially substantial damages, we may be prohibited from developing, using, distributing, selling or commercializing certain of our technologies and products unless we obtain a license from the holder of the patent or other intellectual property right. We cannot assure you that we will be able to obtain any such license on a timely basis or on commercially favorable terms, or that any such licenses will be available, or that workarounds will be feasible and cost-efficient. If we do not obtain such a license or find a cost-efficient workaround, our business, operating results and financial condition could be materially adversely affected and we could be required to cease related business operations in some markets and restructure our business to focus on our continuing operations in other markets.

If we are unable continually to enhance our current products and to develop, introduce and sell new products at competitive prices and in a timely manner, our business would be harmed.

The market for interactive learning and collaboration solutions is still emerging. It is characterized by rapid technological change and frequent new product introductions. Accordingly, our future success depends upon our ability to enhance our current products and to develop, introduce and sell new products offering enhanced performance and functionality at competitive prices. The development of new technologies and products involves time, substantial costs and risks. Our ability successfully to develop new technologies depends in large measure on our ability to maintain a technically skilled research and development staff and to adapt to technological changes and advances in the industry. The success of new product introductions depends on a number of factors including timely and successful product development, market acceptance, the effective management of purchase commitments and inventory levels in line with anticipated product demand, the availability of components in appropriate quantities and costs to meet anticipated demand, the risk that new products may have quality or other defects in the early stages of introduction and our ability to manage distribution and production issues related to new product introductions. If we are unable, for any reason, to enhance, develop, introduce and sell new products in a timely manner, or at all, in response to changing market conditions or customer requirements or otherwise, our business would be harmed.

The emerging market for interactive learning and collaboration products may not develop as we expect.

The market for interactive learning and collaboration products has begun to develop only recently, is evolving rapidly and is characterized by an increasing number of market entrants. As is typical of a new and rapidly evolving industry, the demand for and market acceptance of these products are uncertain. The adoption of these products may not become widespread. If the market for these products fails to develop or develops more slowly than we anticipate, we may fail to achieve our anticipated growth.

If there are decreases in spending or changes in the spending policies or budget priorities for government funding of schools, colleges, universities, other education providers or government agencies, we could lose revenue.

Our customers include primary and secondary schools, colleges, universities, other education providers, and, to a lesser extent, government agencies, each of which depends heavily on government funding. The recent worldwide recession has resulted in substantial declines in the tax revenues of many national, federal, state, provincial and local governments. Many of those governments could react to the decreases in revenue by cutting funding to those institutions, and if our products are not a high enough priority expenditure for those institutions, we could lose revenue.

Any general decrease, delay or change in national, federal, state, provincial or local funding for primary and secondary schools, colleges, universities, or other education providers or for government agencies that use our products could cause our current and prospective customers to reduce their purchases of our products, which could cause us to lose revenue. In addition, a specific reduction in governmental funding support for products such as ours could also cause us to lose revenue.

We believe that we have been an indirect but perhaps substantial beneficiary of the American Recovery and Reinvestment Act of 2009, or the ARRA. The ARRA was intended to provide a stimulus to the U.S. economy in the wake of the recent economic downturn. Among other things, the ARRA provided state and local governments with substantial additional funds for education. We believe that some of our sales since the enactment of the ARRA in February 2009 resulted from state and local governments obtaining funds under the ARRA for technology purchases. If state and local governments are unable to secure an alternative source of funds upon the depletion of the funds provided under the ARRA, we could experience a slowdown of revenue growth as a result of that lack of funding.

We face significant challenges growing our sales in foreign markets.

As the market for interactive learning and collaboration products and solutions in the United States and the United Kingdom becomes more saturated, the growth rate of our revenue in those countries will decrease and, as a result, our revenue growth will become more dependent on sales in other foreign markets. In order for our products to gain broad acceptance in foreign markets, we may need to develop customized solutions specifically designed for each country in which we seek to grow our sales and to sell those solutions at prices that are competitive in that country. For example, while our hardware requires only minimal modification to be usable in other countries, our software and content requires significant customization and modification to adapt to the needs of foreign customers. Specifically, our software will need to be adapted to work in a user-friendly way in several languages and alphabets, and content that fits the specific needs of foreign customers (such as, for example, classroom lessons adapted to specific foreign curricula) will need to be developed. If we are not able to develop customized products and solutions for use in a particular country, we may be unable to compete successfully in that country and our sales growth in that country will be adversely affected. We cannot assure you that we will be able to successfully develop customized solutions for each foreign country in which we seek to grow our sales or that our solutions, when developed, will be competitive in the relevant country.

Growth in many foreign countries will require us to price our products at prices that are competitive in the context of those countries. In certain developing countries, we may be required to sell our products at prices below those that we are currently charging in developed countries. Such pricing pressures could reduce our gross margins and decrease the growth rate of our revenue.

Our customers experience with our products is directly affected by the availability and quality of our customers Internet access. We are unable to control broadband penetration rates and to the extent that broadband growth in emerging markets slows, our growth in international markets could be hindered.

In addition, we face lengthy and unpredictable sales cycles in foreign markets, particularly in countries with centralized decision making. In these countries, particularly in connection with significant technology product purchases, we have experienced recurrent requests for proposals, significant delays in the decision making process and, in some cases, indefinite deferrals of purchases or cancellations of requests for proposals. If we are unable to overcome these challenges, the growth of our sales in these markets would be adversely affected.

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We are subject to risks inherent in foreign operations.

Sales outside the United States and Canada represented approximately 29% of our sales for the year ended March 31, 2010. We intend to continue to pursue international market growth opportunities, which could result in those international sales accounting for a more significant portion of our revenue. We have committed, and may continue to commit, significant resources to our international operations and sales and marketing activities. In addition to our offices in the United States and Canada, we maintain offices in Brazil, China, France, Germany, Japan, New Zealand, Singapore, the United Arab Emirates and the United Kingdom. We have limited experience conducting business outside of the United States and Canada, and we may not be aware of all the factors that may affect our business in foreign jurisdictions. We are subject to a number of risks associated with international business activities that may increase costs, lengthen sales cycles and require significant management attention. International operations carry certain risks and associated costs, such as the complexities and expense of administering a business abroad, complications in compliance with, and unexpected changes in regulatory requirements, foreign laws, international import and export legislation, trading and investment policies, exchange controls, tariffs and other trade barriers, difficulties in collecting accounts receivable, potential adverse tax consequences, uncertainties of laws, difficulties in protecting, maintaining or enforcing intellectual property rights, difficulty in managing a geographically dispersed workforce in compliance with diverse local laws and customs, and other factors, depending upon the country involved. Moreover, local laws and customs in many countries differ significantly and compliance with the laws of multiple jurisdictions can be complex, difficult and costly. For example, we recently amended our distributorship agreements to bring them into compliance with certain restrictions contained in the competition laws of the European Union. We cannot assure you that risks inherent in our foreign operations will not have a material adverse effect on our business. See also, We face significant challenges growing our sales in foreign markets above.

If we are unable to implement effective procedures to ensure compliance with export control laws, our business could be harmed.

Our extensive foreign operations and sales are subject to far reaching and complex export control laws and regulations in the United States, Canada and elsewhere. Violations of those laws and regulations could have material negative consequences for us including large fines, criminal sanctions, prohibitions on participating in certain transactions and government contracts, sanctions on other companies if they continue to do business with us and adverse publicity. We have only recently begun to establish policies, procedures and controls to address export control requirements. We retained a third party consultant to assess our operations from an export compliance perspective. This assessment, which was completed in January 2010, identified a number of deficiencies in our policies, procedures and controls, and while we have begun to address those deficiencies in response to recommendations from the consultant, we have not yet finalized or implemented our response.

In addition, a recent review of our operations revealed that we may have inadvertently violated the United States Export Administration Regulations, or EAR, by selling products to a distributor in Syria that were made outside the United States but may contain more than 10 percent U.S.-origin content. Upon our discovery of these potential violations, we ceased all sales to that distributor and voluntarily reported these potential violations to the U.S. Department of Commerce s Bureau of Industry and Security, or BIS. Sales of all our products, including products not subject to the EAR, to our former distributor in Syria in fiscal years 2006-2010 were less than $175,000. While we are not aware of any current BIS investigation of us, our voluntary disclosure of the potential inadvertent violation may lead to such an investigation, and we cannot assure you of the outcome of any such investigation if it were commenced.

We may not be able to protect our brand, and any failure to protect our brand would likely harm our business.

We regard our SMART brand as one of our most valuable assets. We believe that continuing to strengthen our brand will be critical to achieving widespread acceptance of our products, and will require a continued focus on active marketing efforts. We will need to continue to spend substantial amounts of money on, and devote

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substantial resources to, advertising, marketing and other efforts to create and maintain brand recognition and loyalty among end-users. However, brand promotion activities may not yield increased revenue, and even if they do, any increased revenue may not offset the expenses incurred in building our brand. If we fail to promote, protect and maintain our brand, or if we incur substantial expenses in an unsuccessful attempt to promote, protect and maintain our brand, our business would be harmed.

The unlicensed use of our trademarks by third parties could harm our reputation, impair such trademarks and adversely affect the strength and value of our brand in the marketplace and the associated goodwill. We use the term SMART in the branding of many of our products, such as the SMART Board interactive whiteboard, the SMART Response interactive response system and our SMART Notebook software. Because it is generally not possible to obtain trademark protection for a term that is descriptive, we may be unable to obtain, or may be unable to enforce, trademark rights for certain of our product brands such as smart board in certain jurisdictions. If we are unable to obtain or enforce such rights under applicable law, our ability to prevent our competitors and potential competitors from referring to their products using terms or trademarks that are confusingly similar to those of our products will be adversely affected. We are aware of situations in which our competitors have described their product generally as a smart board. While we seek to defend against such dilution of our trademarks, we cannot assure you that we will be successful in protecting our trademarks.

In addition, trademark protection is territorial and our ability to expand our business, including, for example, by offering different products or services or by selling our products in new jurisdictions, may be limited by prior use, common law rights or prior applications or registrations of certain trademarks by third parties in such jurisdiction.

Under applicable trademark law in certain jurisdictions, if a trademark becomes generic, rights in the mark may no longer be enforceable. To the extent that people refer generally to interactive whiteboards as smart boards or if the SMART name were otherwise to become a generic term, we may be unable to prevent competitors and others from using our name for their products which could adversely affect our ability to leverage our brand and could harm our reputation if third-party products of lesser quality are mistaken for our products.

Our suppliers and contract manufacturers may not be able to supply components or products to us on a timely basis or on favorable terms.

Assembly of our products depends on obtaining adequate supplies of components on a timely basis. Some of those components, as well as certain complete products that we sell, are provided to us by only one supplier or contract manufacturer. We are subject to risks that disruptions in the operations of our sole or limited suppliers or contract manufacturers may cause them to decrease or stop production of these components and products. Alternative sources are not always available. Many of our components are manufactured overseas and have long lead times. Due to our growth, we have from time to time experienced shortages of several of our products and components that we obtain from third parties. Because of the current economic climate, many suppliers and contract manufacturers have generally lowered their manufacturing capacity which increases lead times for our products or components. We have also experienced unexpected demand for certain of our products. As a result, we have had, and may have in the future, delays in delivering the number of products ordered by our customers. We cannot predict if or when our suppliers and contract manufacturers will resume production at full capacity and we cannot ensure that product or component shortages will not occur in the future. If we cannot supply products due to a lack of components, or are unable to redesign products with other components in a timely manner, our business will be significantly harmed.

We do not have written agreements with many of our suppliers. Although we are endeavoring to enter into written agreements with certain of our suppliers, we cannot assure you that our efforts will be successful. Even where we do have a written agreement for the supply of a component, there is no guarantee that we will be able to extend or renew that agreement on similar favorable terms, or at all, upon expiration or otherwise obtain favorable pricing in the future.

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We depend on component manufacturing, product assembly and logistical services provided by third parties, some of which are sole source and many of which are located outside of Canada and the United States.

Most of our components are manufactured, and certain of our complete products are assembled, in whole or in part by a few third parties. Many of these third parties are located outside of Canada and the United States. For example, we rely on one contract manufacturer based in China for the production of all our short-throw projectors used in our interactive whiteboard solution and on another contract manufacturer based in Hungary for the final production of a significant portion of our completed interactive whiteboards. We have also contracted with a third party to manage much of our transportation and logistics requirements. While these arrangements may lower costs, they also reduce our direct control over production and shipments. It is uncertain what effect such diminished control will have on the quality or quantity of our products, or on our flexibility to respond to changing conditions. Our failure to manage production and supply of our products adequately, or the failure of products to meet quality requirements, could materially adversely affect our business.

Although arrangements with our suppliers and contract manufacturers may contain provisions for warranty expense reimbursement, it may be difficult or impossible for us to recover from suppliers and contract manufacturers, and we may remain responsible to the customer for warranty service in the event of product defects. Any unanticipated product defect or warranty liability, whether pursuant to arrangements with suppliers, contract manufacturers or otherwise, could materially adversely affect our reputation and business.

Final assembly of our interactive whiteboard products is currently performed in our assembly facility in Ottawa, Canada and by a contract manufacturer in Hungary. If assembly or logistics in these locations is disrupted for any reason, including natural disasters, information technology failures, breaches of systems security, military or terrorist actions or economic, business, labor, environmental, public health, or political issues, our business, financial condition and operating results could be materially adversely affected.

Any current or future financial problems of suppliers or contract manufacturers could adversely affect us by increasing costs or exposing us to credit risks of these suppliers or contract manufacturers or as the result of a complete cessation of supply. In addition, if suppliers or contract manufacturers or other third parties experience insolvency or bankruptcy, we may lose the benefit of any warranties and indemnities. If we are unable to obtain the necessary components for our products in a timely manner, we may not be able to produce a sufficient supply of products, which could lead to reduced revenue, and our business, financial condition and results of operations could be harmed.

Our future success depends on our co-founders, the loss of either of whom could adversely impact our business.

We depend in a large part upon the continued service of key members of our senior management team. In particular, our co-founders David A. Martin and Nancy L. Knowlton are critical to the overall management of our company as well as the development of our technology, our culture and our strategic direction. We do not maintain any key-person life insurance policies. The loss of any of our management or key personnel could seriously harm our business.

We generate a substantial majority of our revenue from the sale of our interactive whiteboards, and any significant reduction in sales of that product would materially harm our business.

We generated approximately 70% of our revenue for the year ended March 31, 2010 from sales of our interactive whiteboards and integrated projectors. A decrease in demand for our interactive whiteboards would significantly reduce our revenue. If any of our competitors introduces attractive alternatives to our interactive whiteboards, we could experience a significant decrease in sales as customers migrate to those alternative products.

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We experienced significant difficulties implementing our enterprise resource planning system.

On April 1, 2008, we commenced implementing a new enterprise resource planning, or ERP, system. We experienced significant difficulties with this implementation which resulted in severe disruptions to our operations and to our financial and accounting systems for a number of months. For example, we were unable to issue invoices or ship any products for a significant period of time during the first quarter of fiscal 2009. This resulted in our inability to complete reliable quarterly financial statements for fiscal 2009. In order to temporarily resolve the issues associated with the ERP system implementation, we adopted several manual processes and workarounds to perform functions that would typically be automated in a company of our size. By the end of the second quarter of fiscal 2009, we had shipped all the products that we were unable to ship in the first quarter of fiscal 2009, and as of December 31, 2009, we had substantially resolved all material issues associated with the portions of the ERP system that we had implemented as of that date.

We have not yet completed the implementation of the new ERP system and many manual processes for functions that should be automated remain. The existence of such manual processes allows the possibility for human error that could potentially result in material mistakes in our operations as well as our financial reporting. Such mistakes, if made, could have a material adverse effect on our business. In addition, we currently do not have, and until we complete the implementation of our ERP system, we will not have, the necessary systems in place to provide us with certain data that would normally be automatically collected in an organization of our size. For example, until the first quarter of fiscal 2010, our systems were unable to generate operating expense reports for our various business cost centers. Furthermore, we have identified, and are in the process of correcting, additional weaknesses in the ERP system that could potentially have a material adverse effect on our business. Specifically, the configuration of our ERP system lacks sufficient authority controls and many users are able to make changes to the system that may affect all users. If a user makes unauthorized changes to the system, our business could be harmed. These issues did not prevent us from obtaining unqualified audit reports on our annual financial statements.

In the first quarter of fiscal 2010, we continued to experience problems of a less material nature in the implementation of the ERP system. For example, on one occasion, a particular module of the system was not properly tested, and after implementing the module, we discovered that the system prevented the shipment of certain products and the issuance of invoices for certain shipments. While in that particular instance we were able to remediate the problem in time to prevent any significant issues, we cannot assure you that similar problems will not recur or that we will be able to remediate these problems on a timely basis. If additional problems arise in the implementation of additional modules of the ERP system, we could experience further disruptions to our business and operations that could have a material adverse effect on our business and could impair our ability to report our operating results on a timely and accurate basis.

We may not be successful in our strategy to grow in the business and government markets.

To date, a substantial majority of our revenue has been derived from sales to the education market. Because we sell our products through dealers and distributors, we are unable to precisely quantify the portion of our revenue that is derived from any particular market. However, we estimate that for the year ended March 31, 2010, approximately 85% of our revenue was derived from the education market. Our business strategy contemplates expanding our sales to the business and government markets. However, there has not been widespread adoption of interactive whiteboard solutions in the business and government markets and these solutions may fail to achieve wide acceptance in these markets. We believe that the primary reason interactive whiteboards have had slower acceptance rates by business and government users is that they still may be too difficult for the average business and government user to use without training. While most educators who use our products do so on a regular and recurring basis (e.g., teachers may use SMART Board interactive whiteboards in their classrooms daily) and gain a certain proficiency with frequent use, most business and government end-users are occasional users for whom the training required to use our interactive whiteboards may be too significant of a time investment. As a result, our ability to grow our sales in the business and government markets will largely

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depend on our ability to introduce products that are easier to use intuitively with relatively minimal or no training. We may not be successful in achieving penetration in those markets for other reasons as well. For example, expanding into the business and government markets may require us to develop new distributor and dealer relationships and we may not be successful in developing those relationships. In addition, our brand is less recognized in the business and government markets than it is in the education market.

Acquisitions and joint ventures could result in operating difficulties, dilution and other harmful consequences.

We expect to evaluate and consider a wide array of potential strategic transactions, including joint ventures, business combinations, acquisitions and dispositions of businesses, technologies, services, products and other assets. At any given time we may be engaged in discussions or negotiations with respect to one or more of these types of transactions. Any of these transactions could be material to our financial condition and results of operations. The process of integrating any acquired business may create unforeseen operating difficulties and expenditures and is itself risky. The areas where we may face difficulties include:

- diversion of management time, as well as a shift of focus from operating the businesses to issues related to integration and administration;
- declining employee morale and retention issues resulting from changes in, or acceleration of, compensation, or changes in management, reporting relationships, future prospects or the direction or culture of the business;
- the need to integrate each company s accounting, management, information, human resource and other administrative systems to permit effective management, and the lack of control if such integration is delayed or not implemented;
- the need to implement controls, procedures and policies appropriate for a larger public company at companies that prior to acquisition had lacked such controls, procedures and policies;
- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political, and regulatory risks associated with specific countries;
- in some cases, the need to transition operations, end-users, and customers onto our existing platforms; and
- liability for activities of the acquired company before the acquisition, including violations of laws, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities.

Moreover, we may not realize the anticipated benefits of any or all of our acquisitions, or may not realize them in the time frame expected. For example, we recently acquired the entire share capital of NextWindow, and we intend to integrate its operations and technologies with our business. However, we cannot assure you that we will be able to integrate those operations and technologies without encountering difficulties, including, but not limited to, the loss of key employees, the disruption of our respective ongoing businesses, the inability to retain business relationships with NextWindow s customers or possible inconsistencies in standards, controls, procedures and policies. Future acquisitions or mergers may require us to issue additional equity securities, spend our cash, or incur debt, liabilities, amortization expenses related to intangible assets or write-offs of goodwill, any of which could adversely affect our results of operations.

Our ability to sell our products is dependent upon us establishing and maintaining good relationships with dealers and distributors that promote and sell our products.

Substantially all our sales are made through dealers and distributors and accordingly, we depend on our ability to establish and develop new relationships and to build on existing relationships with dealers and

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distributors. Our dealers and most of our distributors are not contractually required to sell our products exclusively and may offer competing interactive whiteboard products. We cannot assure you that our dealers and distributors will act in a manner that will promote the success of our products. Factors that are largely within the control of those dealers and distributors but are important to the success of our products include:

- the degree to which our dealers and distributors actively promote our products;
- the extent to which our dealers and distributors offer and promote competitive products; and
- the quality of installation, training and other support services offered by our dealers and distributors.

In addition, if some of our competitors offer their products to dealers and distributors on more favorable terms or have more products available to meet their needs, there may be pressure on us to reduce the price of our products or those dealers and distributors may stop carrying our products or de-emphasize the sale of our products in favor of the products of these competitors. If we do not maintain and continue to build relationships with dealers and distributors, our business will be harmed.

If we are unable to ship and transport components and final products efficiently and economically across long distances and borders our business would be harmed.

We transport significant volumes of components and finished products across long-distances and international borders. Any increases in our transportation costs, as a result of increases in the price of oil or otherwise, would increase our costs and the final prices of our products to our customers. In addition, any increases in customs or tariffs, as a result of changes to existing trade agreements between countries or otherwise, could increase our costs or the final cost of our products to our customers or decrease our margins. Such increases could harm our competitive position and could have a material adverse effect on our business. The laws governing customs and tariffs in many countries are complex, subject to many interpretations and often include substantial penalties for non-compliance. We have an ongoing dispute with the U.S. Customs and Border Protection Agency with respect to the classification of certain of our products and similar disputes may arise in the future. Such similar disputes, if they arise, could subject us to material liabilities and have a material adverse effect on our business.

If we are unable to integrate our products with certain third-party operating system software and other products, the functionality of our products would be adversely affected.

The functionality of our products depends on our ability to integrate our products with the operating system software and related products of providers such as Microsoft Corporation, Apple Inc., and the main distributors of Linux, among other providers. If integration with the products of those companies becomes more difficult, our products would likely be more difficult to use. Any increase in the difficulty of using our products would likely harm our reputation and the utility and desirability of our products, and, as a result, would likely have a material adverse effect on our business. Integrating our products with those of the main software platform providers is particularly critical to increasing our sales to the business and government markets, as discussed above under We may not be successful in our strategy to grow in the business and government markets.

Our use of open source and third-party software could impose limitations on our ability to distribute or commercialize our software products.

We incorporate open source software into our software products. Although we monitor our use of open source software, the terms of many open source licenses have not been interpreted by Canadian, United States and other courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to distribute or commercialize our products. In such event, we could be required to seek licenses from, or pay royalties to, third parties in order to continue offering our products, to re-engineer our products or to discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely or efficient basis. If we are required to take any of the foregoing action, this could adversely affect our business, operating results and financial condition.

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We also incorporate certain third-party technologies and proprietary rights into our software products and may need to utilize additional third-party technologies or proprietary rights in the future. Although we are not currently reliant in any material respect on any technology license agreement from a single third party, if software suppliers or other third-party licensors terminate their relationships with us, we could face delays in product releases until equivalent technology can be identified, licensed or developed and integrated into our current software products. These delays, if they occur, could materially adversely affect our business, operating results and financial condition. If we are unable to redesign our software products to function without this third-party technology or to obtain or internally develop similar technology, we might be forced to limit the features available in our current or future software products.

Defects in our products can be difficult to detect before shipment. If defects occur, they could have a material adverse effect on our business.

Our products are highly complex and sophisticated and, from time to time, may contain design defects or software bugs or failures that are difficult to detect and correct. Errors or defects may be found in new products after commercial shipments and we may be unable successfully to correct such errors or defects in a timely manner or at all. The occurrence of errors and defects in our products could result in loss of, or delay in, market acceptance of our products, and correcting such errors and failures in our products could require significant expenditure of capital by us. We typically provide warranties on interactive whiteboards for between two and five years, and the failure of our products to operate as described could give rise to warranty claims. The consequences of such errors, failures and other defects and claims could have a material adverse effect on our business, financial condition and results of operations.

Our senior management has limited experience working together as a group.

Many of the members of our senior management, including two of our five executive officers, including our Chief Financial Officer, and three of our nine other officers, have been hired since April 1, 2008. As a resul