KLEVER MARKETING INC
Form 10KSB
April 21, 2005

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-KSB

(MARK ONE)

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR FISCAL YEAR ENDED: DECEMBER 31, 2004

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________________ To ______________________

Commission file number 0-18834

KLEVER MARKETING, INC.
(Name of small business issuer in its charter)

Delaware	36-3688583
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

350 West 300 South, Suite 201, Salt Lake City, Utah 84101
(Address of principal executive offices) (zip code)

Issuer's telephone number (801) 322-1221

Securities registered under Section 12(b) of the Act: NONE Securities registered under Section 12(g) of the Act:

Common Stock Par Value $0.01
(Title of class)

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

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this form 10-KSB. [ ]

State issuer's revenues for its most recent fiscal year. $0

As of January 31, 2005 there were 36,740,613 (1 vote per share) Common, 1,086,705 Class A, 551,876 Class B, and 742,430 Class C Convertible Preferred, for a preferred and common share total of 39,121,624 votes All shares have a par value of $0.01. The aggregate market value of the Registrant's voting stock held by non- affiliates of the Registrant was approximately $1,002,432 computed at the closing price as of January 31, 2005. The number of preferred and common shares held by non-affiliates of the Registrants totals 20,048,638 votes.

DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"): NONE

Transitional Small Business Disclosure Format (check one): Yes ; No X

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PART I

ITEM 1 DESCRIPTION OF BUSINESS

GENERAL

The Company was formed for the purpose of creating a vehicle to obtain capital, to file and acquire patents, to seek out, investigate, develop, manufacture and market electronic in-store advertising, directory and coupon services which have potential for profit. The Company is currently in the process of the development of the patented process, Klever-Kart(R).

HISTORY

The Company began as a part of Information Resources, Inc. ("IRI") in 1987, was incorporated as a subsidiary of IRI under the laws of the State of

Delaware on December 8, 1989, and was fully distributed to stockholders of IRI in a spinoff on October 31, 1990. At the time of the spinoff a portion of the business and assets of the Company included a software operation in Australia, which was sold in March, 1993. The Company (VideOCart, Inc.) filed petitions for relief under Chapter 11 bankruptcy in December 1993. The Company was inactive until July 5, 1996 when the Company merged with Klever Kart, Inc. in a reverse merger and changed its name to Klever Marketing, Inc. During the period from July 5, 1996 to December 31, 2003, the Company has been in the development stage, except for an approximate 2-month period in 2000 when the Company generated revenue from installations of their Klever-Kart system in stores.

In February 2004, the Company signed an exclusive partnership contract with Fujitsu Transaction Solutions (Fujitsu). Under this contract, Fujitsu will manufacture the hardware of Klever-Kart System and provide the technical installations, IT implementation, and support for all retail locations. The Company and Fujitsu will jointly share responsibility for marketing into Fujitsu's current retail client base for the initial nationwide sales effort. The Company will be responsible for providing the advertising and promotions space sales to both retailers and manufactures.

ITEM 2 DESCRIPTION OF PROPERTY

The Company currently leases approximately 144 square feet of office space from Four Cabo's Enterprises, Ltd. on a month to month basis. The lease payments are approximately $125 per month. The office space is used as the Corporate headquarters. It is located at 350 West 300 South, Suite 203, Salt Lake City, Utah.

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ITEM 3 LEGAL PROCEEDINGS

On October 27, 2003, Thomas J. LaLanne, assignee of eiKart, LLC., filed against the Company in the Third Judicial District Court of Utah under the provisions of the Utah Foreign Judgment Act a judgment from the Superior Court of California, in and for the County of San Francisco Jurisdiction. The judgement is in relation to a consulting agreement between eiKart, LLC. and the Company. Pursuant to the judgment Information Statement, also filed on October 27, 2003, the amount of the above judgment is $81,124. The relief sought is collection from the Company in Utah of the amount of said judgment. The Company has filed an action to dismiss said Utah judgment on the grounds that the Superior Court of California did not have jurisdiction over the Company when the original judgment was granted.

On September 6, 2002, an entry of judgment was entered against the Company by Micropower Direct, LLC. The total judgment was for $17,167.18. The judgment was in relation to parts purchased by the Company.

A Confession of Judgment Statement of Klever Marketing, Inc. dated November 28, 2003 was filed in the amount of $16,135.81 in favor of Boult Wade Tennant. The judgment was in relation to legal matters regarding the Company's intellectual property. On May 7, 2004, ,the Company paid $16,135.81 to settle this judgment.

ITEM 4 SUBMISSION OF MATTERS TO A
VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of shareholders during 2004.

PART II

ITEM 5 MARKET FOR COMMON EQUITY AND
RELATED STOCKHOLDER MATTERS

The stock is traded on the OTC Bulletin Board with the trading symbol KLMK.

The following table set forth the high and low bid of the Company's Common Stock for each quarter within the past two years. The information below was provided by S & P Comstock and

reflects inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions:

2004:	HIGH	LOW
First Quarter	$ 0.29	$ 0.12
Second Quarter	$ 0.15	$ 0.04
Third Quarter	$ 0.12	$ 0.04
Fourth Quarter	$ 0.12	$ 0.03

2003:	HIGH	LOW
First Quarter	$ 0.09	$ 0.05
Second Quarter	$ 0.09	$ 0.01
Third Quarter	$ 0.15	$ 0.04
Fourth Quarter	$ 0.65	$ 0.11

The number of shareholders of record of the Company's common stock as of April 1, 2005 was approximately 853.

The Company has not paid any cash dividends to date and does not anticipate paying cash dividends in the foreseeable future. It is the present intention of management to utilize all available funds for the development of the Company's business.

RECENT SALES OF UNREGISTERED SECURITIES.

The Company issued 3,230,256 shares of common stock during 2004. The stock was not sold through an underwriter and was not sold through a public offer. These sales are exempt under Regulation D Rule 506 of the Securities Act of 1933. (See Item &. Financial Statements, Statement of Stockholders' Equity, pages F - 7 through F - 9)

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Exchange Act requires the Company's directors, executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the Commission reports regarding initial ownership and changes in ownership. Directors, executive officers, and greater than 10% stockholders are required by the Commission to furnish the Company with copies of all Section 16(a) forms they file.

To the best of the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ending December 31, 2004, the Company believes that all reporting persons complied with all Section 16(a) filing requirements, except that; Olsen Foundation filed a late Form 5, Olsen Legacy Trust missed a Form 5 filing, Presidio missed a Form 5 filing, Michael Mills filed a late Form 5, C. Terry Warner filed a late Form 5, D. Paul Smith filed a late Form 5, William J. Dupre filed a late Form 5 William C. Bailey filed a late Form 5, Paul G. Begum filed a late Form 5.

ITEM 6 MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

PLAN OF OPERATION - The Company has no current operations. The Company's plan of operations is subject to obtaining financing. The Company's goal is to become the leading supplier of in-store promotions and advertising technology for grocery and other mass-merchandise retailers. To accomplish this goal, the Company intends to expand its product offerings to include: (i) electronic couponing to eliminate the need for and reduce the costs related to paper coupons (including fraud, mis-redemption and mal-redemption); (ii) the establishment of targeted Internet-type content to enhance customer loyalty; (iii) capturing Point-of-Selection data in the aggregate for providing data warehousing and mining services to various interested parties; (iv) certain other in-store services. Additionally, the Company intends to expand the Klever-Kart system, now being sold under the Fujitsu internal brand, U-SCAN Shopper, to other retail outlets including superstores, discount toy and warehouse stores.

BUSINESS DEVELOPMENT, NEXT 12 MONTHS

As a result of the current financial condition of the Company, the plan of the Company for the next twelve months is to obtain sufficient financing to permit the Company to commence active business operations. Absent obtaining such financing, the Company's plan is to continue to obtain sufficient smaller financing to permit the Company to continue to prevent the loss or wasting of its assets and to continue to seek such operation's financing. Currently, the Company has sufficient liquid assets to permit current restricted operations to continue for one month. If such smaller interim financing is not obtained, it is likely that the Company will cease being a going concern at the end of such period.

In the event such operational funding is obtained, then the Company plans to work with Fujitsu Transaction Solutions to: 1) sign up two pilot store retail chains to test the U-SCAN Shopper system for an initial 60-90 days; 2) begin expanding the installed base within the pilot store retailer to approximately 200 store in the fourth quarter of 2005; 3) Develop additional revenue generating products including electronic couponing; 4) Continue defense of the Klever patent portfolio where violations are evident.

Absent such financing, the Company has no plans to employ additional employees or to purchase additional equipment. If such financing is obtained, there would be additional employees employed and additional equipment purchased. The number of each is dependent upon the amount of such financing.

RESULTS OF OPERATIONS - The Company was inactive until July 5, 1996 when the Company merged with Klever-Kart, Inc. in a reverse merger and changed its name to Klever Marketing, Inc. The Company is in the development stage. For the years ended December 31, 2004 and 2003, the Company had net losses of $632,293 and $1,361,639, respectively. This decrease in the loss is primarily due to a decrease in operations.

LIQUIDITY AND CAPITAL RESOURCES - The Company requires working capital principally to fund its proposed research and development and operating expenses for which the Company has relied on short-term borrowings and the issuance of restricted common stock. There are no formal commitments from banks or other lending sources for lines of credit or similar short-term borrowings, but the Company has been able to borrow minimal additional working capital that has been required to prevent the assets from wasting away. From time to time in the past, required short- term borrowings have been obtained from a principal shareholder or other related entities.

Cash flows. Operating activities used cash of $349,000 and $262,000 for 2004 and 2003 respectively. The increase in the use of cash is due primarily to an increase in payments of accounts payable.

Investing activities have provided cash of $314,000 for 2004, and used cash of $19,000 for 2003, respectively. For 2004, the cash provided is due to the sale of some of the Company's patents. For 2003, the cash used relates primarily to the purchase of patents.

Financing activities provided cash of $56,000 and $279,000 for 2004 and 2003, respectively. Financing activities primarily represent sales of the Company's restricted stock, and short term borrowings.

FACTORS THAT MAY AFFECT FUTURE RESULTS - Management's Discussion and Analysis contains information based on management's beliefs and forward-looking statements that involved a number of risks, uncertainties, and assumptions. There can be no assurance that actual results will not differ materially for the forward-looking statements as a result of various factors, including but not limited to the following:

The foregoing statements are based upon management's current assumptions.

ITEM 7 FINANCIAL STATEMENTS

The financial statements of the Company and supplementary data are included beginning immediately preceding the signature page to this report. See Item 13 for a list of the financial statements and financial statement schedules included.

ITEM 8 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are not and have not been any disagreements between the Company and its accountants

on any matter of accounting principles, practices or financial statements disclosure.

ITEM 8A CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Company.

(a) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's President, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon the evaluation, the Company's President concluded that, as of the end of the period, the Company's disclosure controls and procedures were effective in timely alerting him to material information relating to the Company required to be included in the reports that the Company files and submits pursuant to the Exchange Act.

(b) Changes in Internal Controls

Based on his evaluation as of December 31, 2004, there were no significant changes in the Company's internal controls over financial reporting or in any other areas that could significantly affect the Company's internal controls subsequent to the date of his most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART III

ITEM 9 DIRECTORS EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth the name, age, and position of each executive officer and director of the Company:

DIRECTOR'S NAME	AGE	OFFICE	TERM EXPIRES
William J. Dupre	51	COO/ President	Next annual shareholder meeting
D. Paul Smith	58	Exec Vice-President/ CFO/Secretary/ Treasurer/Chairman	Next annual shareholder meeting
Daniel L. Warner	32	Exec Vice-President- Business Development	Next annual shareholder meeting
Richard J. Trout*	48	Director	Next annual shareholder meeting
William C. Bailey	70	Director	Next annual shareholder meeting
Michael L. Mills	42	Director	Next annual shareholder meeting
C. Terry Warner	68	Director	Next annual shareholder meeting

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* Richard J. Trout resigned as director effective July 2, 2004.

William J. Dupre, age 51, joined the Company as Chief Operating Officer and Executive Vice-President in November 2002. Mr. Dupre was appointed President and COO in December 2003. Mr. Dupre joins the Company with over fifteen years of proven executive level retail product development and in-store marketing experience including four years at Smart Media/SnapShopper, four years at VideOcart, and seven years at Information Resources (IRI). During his tenure at IRI, Mr. Dupre successfully developed and launched various retail and consumer products to market, negotiated participation in IRI's Qscan program in over 25,000 retail stores representing 70 of the top 100 grocery chains in the United States and contributed to the growth of chain specific consumer packaged goods manufacturer revenues. Mr. Dupre also has participated in venture capital fund raising at several start-up companies. Mr. Dupre will lead the Company in the execution of its strategic initiatives as it sets to deploy its proprietary in-store media known as Klever-Kart(R), which provides retailers and consumer goods companies one-on-one communications with shoppers by utilizing its LCD display mounted on the handle of shopping carts.

D. Paul Smith, age 58, became Chairman of the Board in January 2001, and CFO, Vice- President, and Secretary in October 2001, and has served as director of the Company since November 2000. Mr. Smith has been an ongoing financial advisor to the Company for the past seven years and has played an active part in the development of the Company's business plan. Mr. Smith is Chief Financial Officer for the Arbinger Institute. On November 18, 2002, Mr. Smith resigned his position as Vice-President when William J. Dupre assumed the role of Executive Vice- President. Upon Mr. Dupre's appointment to President/COO in December 2003, Mr. Smith reassumed the role of Executive Vice-President, in addition to his other positions.

Daniel L. Warner, age 32, joined the Company as Executive Vice-President of Business Development in February 2004. Mr. Warner comes to the Company with over seven years of experience in operations, strategy, and business development. Prior to joining the Company, Mr. Warner worked as Vice-President of Operations and Sales for PerfectPerfect.MD., an internet-based medical software firm, General Manager of Operations for Meyer & Leichty, a design and advertising firm, as well as Director of Business Development for Freeport.com, an internet-based permission marketing company. Mr. Warner also served as a strategy consultant for Monitor Company, working with clients such as Coca-Cola, Navistar, Union Bank of California, and several other Fortune 500 companies, covering a wide range of industries.

William C. Bailey, age 70, was elected as a director of the Company in June 1994. Mr. Bailey is President and owner of Mount Olympus Waters, Inc. and founder of Water and Power Technologies. Mr. Bailey served on the Board of Directors for the American Bottled Water Association and the International Bottled Water Association from 1975 to 1996, and was the Association's President in 1978 and again in 1990. He received the industry's first award of Excellence from IWBA in 1987 and was elected to the Beverage World Water Hall of Fame in 1989. He serves as a member of the Board of Trustees for the Utah Food Industry Associations Insurance Trust. He is a lifetime member of the Board of Trustees for the Utah Symphony Opera, having served as Chairman from 1999-2002. He has been a member of the Board of Directors for KUED 1990- 1996, University of Utah Alumni Board 1990-1994, and a member of the University of Utah's Fine Art's Advisory Board. He is also a member of the Salt Lake Rotary and served as Secretary 1999-2000.

Michael L. Mills, age 42, was elected as a director of the Company in December 1998. Mr. Mills is President/CEO of Olson Holdings, Inc. (formerly known as Olson Farms, Inc.). Olson Holdings, Inc. is a diversified agricultural and real estate holding company with operations throughout the western United States, dealing primarily in the distribution of eggs, with headquarters in Riverside, California. Mr. Mills has been with that company since 1989. Mr. Mills began his career with Deloitte & Touche in Los Angeles after graduating from the University of Utah SUMMA CUM LAUDE in accounting and mathematics.

C. Terry Warner, Ph.D., age 68, became a member of the Company's Board in September 2001. Mr. Warner is a longtime shareholder in the Company. Mr. Warner is the founder of The Arbinger Institute. He received his Ph.D. in philosophy from Yale University, and has been a senior member of Linacre College, Oxford University. He taught at the university level for over thirty years and has been Dean of the College of General Studies at Brigham Young University. Mr. Warner has served as a consultant and advisor to executives and managers of about fifty companies, and has served on boards in the steel, petrochemical, thrift, and health care industries.

AUDIT COMMITTEE

As of December 31, 2004, the Company had one active board committee, the Audit and Compliance Committee. D. Paul Smith and Michael L. Mills are on this committee. The committee meets annually to determine auditors and scope of the audit, as well as reviews of the 10KSB and all audited financials.

AUDIT COMMITTEE FINANCIAL EXPERT

The Company's board of directors does not have an "audit committee financial expert," within the meaning of such phrase under applicable regulations of the Securities and Exchange Commission, serving on its audit committee. The board of directors believes that all members of its audit committee are financially literate and experienced in business matters, and that one or more members of the audit committee are capable of (i) understanding generally accepted accounting

principles ("GAAP") and financial statements, (ii) assessing the general application of GAAP principles in connection with our accounting for estimates, accruals and reserves, (iii) analyzing and evaluating our financial statements, (iv) understanding our internal controls and procedures for financial reporting; and (v) understanding audit committee functions, all of which are attributes of an audit committee financial expert. However, the board of directors believes that there is not any audit committee member who has obtained these attributes through the experience specified in the SEC's definition of "audit committee financial expert." Further, like many small companies, it is difficult for the Company to attract and retain board members who qualify as "audit committee financial experts," and competition for these individuals is significant. The board believes that its current audit committee is able to fulfill its role under SEC regulations despite not having a designated "audit committee financial expert."

ITEM 10 EXECUTIVE COMPENSATION

SUMMARY COMPENSATION

The following table set forth, for the last three fiscal years, the annual and long term compensation earned by, awarded to, or paid to the individuals who were chief executive officer and chief operations officer at any time during the last fiscal year.

					Long Term Compe	
		Annual Compensation			Awards	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Name and Principal Position	Year Ended Dec. 31	Salary ($)(1)	Bonus ($)	Other Annual Compen-sation ($)	Restricted Stock Award(s) ($)	Securities Underlying Options/ SAR's (no.)
Richard J. Trout	2004	-	-	-	-	-
		-	-	-	-	-
Former President						
	2003	- (1)	-	-	-	1,027,616(4
	2002	- (1)	-	-	-	100,661(3

D. Paul Smith	2004	-		-	-	-	-
Chairman/CFO/	2003	-		-	-	-	1,168,333
Sec/Treasurer	2002	-		-	-	-	192,892(4
Exec Vice-President							
William J. Dupre	2004	122,250		-	-	-	-
President/COO	2003	50,000	(2)	-	-	-	400,000
	2002	12,500	(2)	-	-	-	400,000(5

(1) Richard J. Trout was named President in October 2001. Mr. Trout resigned as President on December 3, 2003.

(2) William J. Dupre joined the Company in November 2002 as Chief Operating Officer and Executive Vice-President. Mr. Dupre's options vest quarterly with the initial vest beginning on day 1 of employment. On December 3, 2003, Mr. Dupre was named President of the Company.

(3) Options canceled on September 9, 2003.

(4) 100,000 options canceled on September 9, 2003.

(5) 200,000 options canceled on September 9, 2003, and 200,000 options authorized to convert to 200,000 shares of common stock. As of March 16, 2004, these 200,000 shares have not been issued.

Executive Compensation and Benefits

The Company provides to three of its full time employees, including the Chief Operating Officer, health insurance and miscellaneous other benefits.

The Company adopted a stock incentive plan for its employees, executive officers, directors, and consultants.

ITEM 11 SECURITY OWNERSHIP OF BENEFICIAL OWNERS AND MANAGEMENT

PRINCIPAL SHAREHOLDERS

The table below sets forth information as to each person owning of record or who was known by the Company to own beneficially shares of stock that have more than 5% of the 39,121,624 votes as of January 31, 2005, including options to acquire stock of the Company that are currently exercisable or will be within the next 60 days, and information as to the ownership of the Company's Stock by each of its directors and executive officers and by the directors and executive officers as a group. Except as otherwise indicated, all shares are owned directly, and the persons named in the table have sole voting and investment power with respect to shares shown as beneficially owned by them.

NAME AND ADDRESS OF BENEFICIAL OWNERS	NATURE OF OWNERSHIP	SHARES OWNED	PE
DIRECTORS			
PRINCIPAL SHAREHOLDERS			

Paul G. Begum	Direct (2)	3,158,807
P.O. Box 58045	Preferred Shares (2)	31,536
Salt Lake City, UT 84158	Options/Warrants	237,000
	Total	3,427,343

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Olson Foundation	Direct (1)	4,101,838
2220 Eastridge Ave	Preferred Shares (1)	1,196,253
Suite B	Options/Warrants (1)	648,152
Riverside, CA 92507	Convertible Debt (1)	4,161,267
	Total	10,107,510
C. Terry Warner	Direct (3)	2,526,574
1278 Locust Lane	Options (3)	646,494
Provo, UT 84604	Convertible Debt (3)	11,493
	Total	3,184,561
Presidio Investments LLC	Direct (4)	1,266,708
3200 North Central Ave	Preferred Shares (4)	86,723
Suite 1560	Convertible Debt (1)(4)	3,559,089
Phoenix, AZ 85012	Total	4,912,521
Olson Legacy Trust	Direct (4)	1,266,708
3200 North Central Ave	Preferred Shares (4)	86,723
Suite 1560	Convertible Debt (4)	3,559,089
Phoenix, AZ 85012	Total	4,912,521
Olson Holdings	Direct (1)	759,765
2220 Eastridge Ave.	Preferred Shares (1)	930,664
Suite B	Convertible Debt (1)	219,339
Riverside, CA 92507	Total	1,909,768
Seabury Investors III	Preferred Shares	1,153,216
540 Madison Avenue	Options/Warrants	106,061
New York, NY 10022	Convertible Debt (5)	633,700

	Total	1,892,977
		=========
Primavera	Direct	3,252,771
1278 Locust Lane		
Provo, UT 84604		
Arbinger	Direct	3,490,756
Gateway Park Tower	Options/Warrants	67,495
563 W 500 S	Convertible Debt	45,971

Suite 200	Total	3,604,222
		==========
Woods Cross, UT 84010		

William Bailey	Direct	3,244,914
3889 E. Brockbank Dr.	Options/Warrants	520,000

Salt Lake City, UT 84124	Total	3,764,914
		=========
D. Paul Smith	Direct (6)	1,041,301
747 W. Sheringham Ct.	Options/Warrants (6)	1,269,973
Farmington, UT 84025	Convertible Debt (6)	14,303

	Total	2,325,557
		=========

DIRECTORS AND EXECUTIVE OFFICERS

William Bailey	Direct	3,244,914
3889 E. Brockbank Dr.	Options/Warrants	520,000

Salt Lake City, UT 84124	Total	3,764,914
		=========
C. Terry Warner	Direct (3)	2,526,574
1278 Locust Lane	Options (3)	646,494
Provo, UT 84604	Convertible Debt (3)	11,493

	Total	3,184,561
		==========
D. Paul Smith	Direct (6)	1,041,301
747 W. Sheringham Ct.	Options/Warrants (6)	1,269,973
Farmington, UT 84025	Convertible Debt (6)	14,303

	Total	2,325,557
		=========

ALL EXECUTIVE OFFICERS AND DIRECTORS AS A GROUP (7 PERSONS)	Direct	5,703,622
	Options/Warrants	3,670,091
	Convertible Debt	13,188
	Total	9,386,901

(1) Michael Mills is president of Olson Holdings, Inc., executor of the Estate of Peter Dean Olson, trustee of the Olson Foundation, he has voting and investment control but disclaims any pecuniary interest. For The Olson Foundation, Mr. Mills is one of four trustees and does not have voting or investment power because of a majority-vote rule relation to the Foundation. The Olson ownership includes 759,765 Shares held by Olson Holdings, 1,123,603 Shares held by the Olson Foundation, 928,580 Shares held by the Estate of Peter D. Olson, 1,266,708 Shares held by Presidio, and 23,182 Shares held by Mr. Mills. The Olson ownership also includes Preferred Stock that, as of April 1, 2005, would convert 1,196,253 votes held by Presidio (86,723 votes), Olson Holdings

(930,664 votes) and Olson Foundation (178,866 votes). Ownership includes warrants covering 136,152 Shares held by Olson Foundation, options, and options covering 512,000 Shares held by Mr. Mills. Convertible debt held by Olson Foundation and affiliates in the amount of 4,161,267 shares may also be converted as of April 1, 2005 into 382,839 Shares held by Olson Foundation, 219,339 Shares held by Olsen Holdings and 3,559,089 shares held by Presidio.

(2) Mr. Begum's ownership includes 31,834 Shares held in a brokerage account and 77,142 shares held privately by Mr. Begum; 115,878 shares which are held in a brokerage account and 2,427,089 shares held by Tree of Stars, Inc., a corporation of which Mr. Begum is a director, officer and principal shareholder; 94,914 shares which are in a brokerage account, and 411,950 shares held by PSF, Inc., a private company of which Mr. Begum is President and principal shareholder. Mr. Begum's ownership also includes Class A Convertible Preferred Shares that would convert to 159,426 Shares as of April 1, 2005

(3) Mr. Warner's ownership includes 12,500 Shares held by C. Terry Warner; 1,626,385 Shares held by Primavera, Ltd., a limited partnership of which Mr. Warner is a passive member owning one (1) percent and Susan Warner, his spouse, who owns forty-nine (49) percent; 15,000 shares by Susan Warner, his spouse and 872,689 shares held by the Arbinger Institute, a private corporation of which Mr. Warner is a director and twenty-five (25) percent shareholder; options covering 612,742 shares under Terry Warner and 33,748 under Arbinger and convertible debt held by Arbinger that may be converted into 11,493 shares as of April 1, 2005.

(4) Presidio Investments, of which William J. Howard is the single member, and Olson Legacy Trust, of which William J. Howard is the sole trustee, ownership includes 94,858 Shares held by Presidio Investments LLC.; 86,723 Shares should the Class A Convertible Preferred Shares held by Presidio Investments LLC. be converted as of April 1, 2005; Olson Legacy Trust, of which William J. Howard is the sole trustee, 1,171,850 common shares held by Olson Legacy Trust,. In addition to the total Presidio and Olson Legacy Trust ownership, convertible

debt held by Presidio Investments may be converted into 3,559,089 Shares as of April 1, 2005.

(5) In addition to the total Seabury ownership, convertible debt held by Seabury Investors III, Limited Partnership could be converted into 633,700 Shares as of April 1, 2005.

(6) Mr. Smith's ownership includes 168,612 shares held by D. Paul Smith; 872,689 shares held by the Arbinger Institute, a private corporation of which Mr. Smith is a director, officer and twenty- five (25) percent shareholder; options covering 1,236,225 shares and 33,748 Options held under Arbinger and convertible debt held by Mr. Smith that may be converted into 2,810 shares as of April 1, 2005.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

OLSON HOLDINGS, INC. LOANS TO THE COMPANY

Olson Holdings, Inc. made a $150,000.00 unsecured loan to the Company on February 26, 2001. This note has a six-month term at 10% annual interest maturing on August 26, 2001. The maker of the note may give written notice within 10-days of maturity, to the Company, to convert the principal and interest into common stock with a convertible price of $1.05 (10-day weighted average from February 26, 2001 and the nine days prior).

Olson Holdings made an unsecured loan to the Company on January 7, 2002 for $1,835.84. This note has an annual interest rate of 8% and matures on January 7, 2004. An option was granted in connection with this note for 3,060 shares at a strike price of $1.00 and an expiration date of January 7, 2005.

OLSON FOUNDATION LOANS TO THE COMPANY

Olson Foundation loaned the Company $60,000 on July 16, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until January 15, 2002. Principal and all due and unpaid interest are to be paid on January 16, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 18,182 common shares at a strike price of $0.01 and an expiration date of July 16, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder.

Olson Foundation loaned the Company $90,000 on July 30, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until January 30, 2002. Principal and all due and unpaid interest are to be paid on January 30, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 27,273 common shares at a strike price of $0.01 and an expiration date of July 30, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder.

Olson Foundation made unsecured loans to the Company on May 3, 2002, August 16, 2002, and October 29, 2002 for $7,359, $10,000, and $1,059.37, respectively. These notes are payable within two years plus interest at 8% per annum. In conjunction with the notes, Olson Foundation also received common stock options for each note at a ratio of 1.667 common shares for each dollar loaned.

ESTATE OF PETER D. OLSON

Peter D. Olson loaned the Company $12,500, $12,500, and $3,750 on September 1, 1998, September 17, 1998, and September 22, 1998, respectively. These notes bear an interest rate of 10% per annum. On September 11, 2003, the outstanding loan of $28,750 and accrued interest of $17,679 were converted to 928,580 shares of common stock valued at $.05 per share.

PRESIDIO INVESTMENTS, LLC LOAN TO THE COMPANY

Presidio Investments, LLC has loaned the Company $1,000,000, which loan is secured by a blanket lien on the assets of the Company. The sole trustee of Presidio Investments, LLC is William J. Howard, trustee of the Olson Legacy Trust, whose residual beneficiary is the Olson Foundation. The Olson Foundation was the guarantor for funds borrowed from Northern Trust Bank which funds were used to make the loan to the Company. This note was amended on March 22, 2001 with an additional $500,000 loaned to the Company between January 1, 2001 and March 22, 2001. An Interest rate of 8% applies until March 31, 2001 and increases to 10% on April 1, 2001. Principal and all due and unpaid interest are to be paid on October 1, 2001. This note is convertible to Class C convertible preferred shares at the option of the note holder.

OLSON LEGACY TRUST LOAN TO THE COMPANY

Olson Legacy Trust made unsecured loans to the Company on October 19, 2001 and November 15, 2001 in the amounts of $20,706 and $30,000, respectively. The notes are payable within two years plus interest at 8% per annum. In conjunction with the notes, Olson Foundation received common stock options for each note at a ratio of 1.667 common shares for each dollar loaned to the Company. On September 11, 2003, the outstanding loan of $50,706 and accrued interest of $7,887 were converted to 1,171,850 shares of common stock valued at $.05 per share.

DIRECTOR LOAN TO THE COMPANY

On October 20, 1998, the Company borrowed $150,000 from William C. Bailey at an annual interest rate of 12% and a maturity date of April 30, 1999. The Company made a payment of $50,000 on February 26, 1999. On September 11, 2003, the remaining loan balance of $100,000 and accrued interest of $50,006 were converted to 3,000,113 shares of common stock valued at $.05 per share.

DIRECTOR AND OFFICER LOAN TO THE COMPANY

Richard J. Trout loaned the Company $396.85, $163.00 and $568.08 on September 16, 2002, March 19, 2003, and April 28, 2003, respectively. During the three months ended September 30, 2003, Mr. Trout loaned the Company an additional $839. These notes are payable within two years plus interest at 8% per annum. In conjunction with the notes, Mr. Trout received common stock options at a ratio of 1.667 common shares for each dollar loaned to the Company.

On September 11, 2003, the outstanding loan balance of $1,967 and accrued interest of $65 were converted to 40,645 shares of common stock valued at $.05 per share.

THE SEABURY GROUP LOAN TO THE COMPANY

The Seabury Group loaned the Company $60,000 on July 5, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies

until January 5, 2002. Principal and all due and unpaid interest are to be paid on January 5, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 18,182 common shares at a strike price of $0.01 and an expiration date of July 5, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder.

The Seabury Group loaned the Company $190,000 on August 22, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until February 22, 2002. Principal and all due and unpaid interest are to be paid on February 22, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 57,576 common shares at a strike price of $0.01 and an expiration date of August 22, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder.

ARBINGER LOANS TO THE COMPANY

The loans listed below were made to the Company by The Arbinger Institute. The Arbinger Institute is controlled by four equal partners, of which C. Terry Warner and D. Paul Smith are each a partner.

DATE	Principal	Annual Interest Rate	Maturity Date	Common Stock Option # Shares	Option Strike Price
10/19/01	$10,000.00	8.00%	10/19/02	16,667	$1.00
12/31/01	$6,617.04	8.00%	12/31/02	11,028	$1.00
01/30/02	$15,000.00	8.00%	01/30/04	25,000	$1.00
02/18/02	$4,000.00	8.00%	02/18/03	6,667	$1.00
07/02/02	$7,700.00	8.00%	07/02/03	12,833	$1.00
08/30/02	$200.00	8.00%	08/30/04	333	$1.00
09/18/02	$8,500.00	8.00%	09/18/04	14,167	$1.00
11/19/02	$5,500.00	8.00%	11/19/04	9,167	$1.00
04/08/03	$1,200.00	8.00%	04/08/05	2,000	$1.00
07/30/03	$15,000.00	8.00%	07/30/05	25,000	$1.00
Total	$73,717.04			122,862	

On September 11, 2003, the outstanding loan of $73,717 and accrued interest of $7,137 were converted to 1,617,074 shares of common stock valued at $.05 per share.

The loans listed below were made to the Company by The Arbinger Institute after September 11, 2003.

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DATE	Principal	Annual Interest Rate	Maturity Date	Common Stock Option # Shares	Option Strike Price
09/12/03	$10,040.00	8.00%	09/12/05	16,733	$1.00
09/17/03	$471.73	8.00%	09/17/05	786	$1.00
09/25/03	$4,500.00	8.00%	09/25/05	7,500	$1.00
09/26/03	$80.95	8.00%	09/26/05	135	$1.00
10/01/03	$79.00	8.00%	10/01/05	132	$1.00
11/01/03	$79.00	8.00%	11/01/05	132	$1.00
11/26/03	$10,000.00	8.00%	11/26/05	16,667	$1.00
12/02/03	$79.00	8.00%	12/02/05	132	$1.00
12/15/03	$13,000.00	8.00%	12/15/05	21,667	$1.00
12/24/03	$2,750.00	8.00%	12/24/05	4,583	$1.00
Total	$41,079.68			68,467	

The Arbinger Institute has also made additional loans to the Company to pay for storage space. The total amount of these loans is $1,595 plus accrued interest of $113. These loans were converted to common stock on September 11, 2003. As of January 31, 2005, the stock has not been issued due to administrative reasons.

DIRECTOR LOANS TO THE COMPANY

C. Terry Warner made unsecured loans to the Company on September 27, 2002, August 12, 2002, April 16, 2003, May 2, 2003, May 5, 2003, and May 8, 2003 in the amounts of $15,000, $21,348, $10,000, $1,500, $800, and $19,000, respectively. These notes are payable within two years plus interest at 8% per annum. In conjunction with the notes, Mr. Warner received common stock options for each note at a ratio of 1.667 common shares for each dollar loaned to the Company. On September 11, 2003, the outstanding loan of $67,648 and accrued interest of $3,992 were converted to 1,432,791 shares of common stock valued at $.05 per share.

DIRECTOR AND OFFICER LOANS TO THE COMPANY

The loans listed below were made to the Company by D. Paul Smith, a member of the Board of Directors:

Common
Stock

DATE	Principal	Annual Interest Rate	Maturity Date	Option # Shares	Option Strike Price
12/31/02	$25,000.00	8.00%	12/31/04	41,667	$1.00
02/21/03	$5,000.00	8.00%	02/21/05	8,333	$1.00
03/31/03	$15,000.00	8.00%	03/31/05	25,000	$1.00
04/10/02	$15,000.00	8.00%	04/10/03	25,000	$1.00
08/30/02	$370.23	8.00%	08/30/04	617	$1.00
11/01/02	$364.82	8.00%	11/01/04	608	$1.00
11/04/02	$15,000.00	8.00%	11/04/04	25,000	$1.00
07/18/03	$7,500.00	8.00%	07/18/05	12,500	$1.00
08/18/03	$5,000.00	8.00%	08/18/05	8,333	$1.00
Total	$88,235.05			147,058	

On September 11, 2003, the outstanding loan $88,235 and accrued interest of $5,215 were

converted to 1,868,997 shares of common stock valued at $.05 per share.

On October 8, 2003, Mr. Smith loaned the Company $2,500. This note is payable within two years plus interest at 8% per annum. In conjunction with the note, Mr. Smith received a common stock option at a ratio of 1.667 common shares for each dollar loaned to the Company. The option has a strike price of $1.00 and a 3-year expiration date.

PAUL G. BEGUM

On February 1, 2000, an accrued liability owed to Paul G. Begum in the amount of $306,666.64 was converted to common shares by exercise of options for the purchase of 579,585 shares at $.86 per share and a note receivable in the amount of $191,776.46. The note is payable in thirty-six equal installments with interest at the rate of eight percent. The note is collateralized by 100,000 shares of the Company's common shares. As of July 31, 2001, the total balance on the note receivable was $98,375. On July 31, 2001, the Company forgave the remaining amount owed on the receivable in exchange for 100,000 shares of common stock that were returned to the Company.

During the year ended December 31, 2001, the Company accrued additional liabilities from a separation agreement with Paul G. Begum. During 2003, the Company paid $27,899 towards these liabilities. The total amount of these liabilities remaining at December 31, 2003 is $38,035.

In February 2004, the remaining liabilities $38,035 due to Mr. Begum were settled in exchange for 152,142 shares of the Company's free-trading common stock valued at $.25 per share.

ITEM 13. EXHIBITS, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report.

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2. FINANCIAL STATEMENT SCHEDULES

All schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. EXHIBITS

The following exhibits are included as part of this report:

Exhibit Number	Title of Document
3.01	Restated Certificate of Incorporation of Klever Marketing, Inc. a Delaware corporation (1)
3.02	Certificate of Designation of Rights, Privileges and Preferences: Rights of A Class Voting Preferred Stock, Series 1, of Klever Marketing, Inc., dated February 7, 2000 (2)
3.03	Bylaws, as amended (2)
4.01	Amended Certificate of Designation of Rights, Privileges and Preferences: Rights of A Class of Voting Preferred Stock, Series 1, of Klever Marketing, Inc., Dated February 7, 2000 (3)
4.02	Certificate of Designation of Rights, Privileges and Preferences of Class B Voting Preferred Stock, of Klever Marketing, Inc., dated September 24, 2000 (3)
4.03	Certificate of Designation of Rights, Privileges and Preferences of Class C Voting Preferred Stock, of Klever Marketing, Inc., dated January 2, 2001 (3)
4.04	Certificate of Designation of Rights, Privileges and Preferences of Class D Voting Preferred Stock, of Klever Marketing, Inc., dated June 14, 2002 (5)
4.05	Amendment to the Certificates of Designation of Rights, Privileges and Preferences of Class A, B, and C Voting Preferred Stock, of Klever Marketing, Inc., dated June 12, 2002 (5)

10.01 Separation Agreement between Paul G. Begum and the Registrant Dated January 8, 2001 (2)

10.02 Stock Incentive Plan, effective June 1, 1998 (2)

10.03 Amended and Restated Promissory Note (Secured) of the Registrant payable to Presidio Investments, LLC, dated June 27, 2000, with Financing Statement and Exhibit "A" (2)

10.04 Intercreditor Agreement between Seabury Investors III, Limited Partnership, The Olson Foundation, Presidio Investments, LLC, and the Registrant dated August 27, 2001 (4)

10.05 Asset Purchase Agreement, dated August 27, 2004 (6)

31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated herein by reference from Registrant's Form 10KSB, dated June 20, 1997. (2) Incorporated herein by reference from Registrant's Form 10KSB, dated March 29, 2001
(3) Incorporated herein by reference from Registrant's Form 10QSB, dated May 15, 2001. (4) Incorporated herein by reference from Registrant's Form 10QSB, dated May 15, 2002. (5) Incorporated herein by reference from Registrant's Form 10QSB, dated August 19, 2002.
(6) Incorporated herein by reference from Registrant's Form 10QSB, dated November 19, 2004.

(b) REPORTS FILED ON FORM 8-K

None.

ITEM 14. PRINCIPAL ACCOUNTANT FEES & SERVICES

The following is a summary of the fees billed to us by Robison, Hill & Company for professional services rendered for the years ended December 31, 2004 and 2003:

Service	2004	2003
Audit Fees	$ 20,375	$ 23,364

Audit-Related Fees	-	-
Tax Fees	150	287
All Other Fees	-	-
Total	$ 20,525	$ 23,651

AUDIT FEES. Consists of fees billed for professional services rendered for the audits of our consolidated financial statements, reviews of our interim consolidated financial statements included in quarterly reports, services performed in connection with filings with the Securities & Exchange Commission and related comfort letters and other services that are normally provided by Robison, Hill & Company in connection with statutory and regulatory filings or engagements.

TAX FEES. Consists of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance and consultation in connection with various transactions and acquisitions.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

The Audit Committee, is to pre-approve all audit and non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services as allowed by law or regulation. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specifically approved amount. The independent auditors and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent auditors in accordance with this pre-approval and the fees incurred to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

The Audit Committee pre-approved 100% of the Company's 2003 audit fees, audit-related fees, tax fees, and all other fees to the extent the services occurred after May 6, 2003, the effective date of the Securities and Exchange Commission's final pre-approval rules.

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KLEVER MARKETING, INC.
(A DEVELOPMENT STAGE COMPANY)

-:-

FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Klever Marketing, Inc.
(A Development Stage Company)
Salt Lake City, Utah

We have audited the accompanying balance sheets of Klever Marketing, Inc. (a development stage company) as of December 31, 2004 and 2003, and the related statements of operations and cash flows for the two years ended December 31, 2004, and the cumulative period from July 5, 1996 (inception of development stage) to December 31, 2004, and the statement of stockholders' equity from July 5, 1996 (inception of development stage) to December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Klever Marketing, Inc. (a development stage company), as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Respectfully submitted,

/s/ Robison, Hill & Co.
Certified Public Accountants

Salt Lake City, Utah
April 14, 2005

KLEVER MARKETING, INC.
(a Development Stage Company)
BALANCE SHEETS

		Decembe
ASSETS		2004
Current Assets		
Cash	$	23,174
Prepaid Expense		750
Other Receivable		25,865
Total Current Assets		49,789
Fixed Assets		
Office Equipment		92,964
Less Accumulated Depreciation		(89,319)
Net Fixed Assets		3,645
Other Assets		
Patents		755,089
Less Accumulated Amortization		(727,938)
Net Other Assets		27,151
Total Assets	$	80,585

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KLEVER MARKETING, INC.
(a Development Stage Company)
BALANCE SHEETS
(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY		Decembe 2004
Current Liabilities		
Accounts Payable, Trade		$ 343,765
Accrued Liabilities		1,624,295
Related Party Payables		2,127,564
Notes Payable		45,000
Short-term Notes Payable		458
Total Current Liabilities		4,141,082
Stockholders' Equity		
Preferred stock (par value $.01), 2,000,000 shares authorized issued and outstanding December 31, 2004 and December 31, 2003	168,434	1,684
Common Stock (Par Value $.01), 20,000,000 shares authorized 36,640,620 shares issued and outstanding at December 31, 2004 and 33,410,364 shares issued and outstanding at December 31, 2003		366,406
Common Stock to be issued, 469,752 shares at December 31, 2004 and 1,395,657 shares at December 31, 2003		4,698
Treasury Stock, 1,000 shares at December 31, 2004 and December 31, 2003		(1,000)
Paid in Capital in Excess of Par Value		13,164,028
Shareholder Receivable		(15,000)
Retained Deficit		(3,333,785)
Deficit Accumulated During Development Stage		(14,247,528)
Total Stockholders' Equity		(4,060,497)
Total Liabilities and Stockholders' Equity		$ 80,585

The accompanying notes are an integral part of these financial statements

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF OPERATIONS

	For the Year Ended December 31, 2004	For the Year Ended December 31, 2003
Revenue	$ -	$ -
Expenses		
Sales and marketing	-	-
General and administrative	686,776	849,098
Research and development	69,765	-
Total Expenses	756,541	849,098
Other income (expense)		
Other income	278,635	-
Interest income	-	-
Interest expense	(415,425)	(291,599)
Gain (Loss) on disposal of assets	261,138	(220,956)
Capital gain on sale of investments	-	-
Total Other Income (Expense)	124,348	(512,555)
Income (Loss) Before Taxes	(632,193)	(1,361,653)
Income Taxes	100	100
Net Income (Loss) After Taxes	$ (632,293)	$ (1,361,753)
Weighted Average Shares Outstanding	34,899,606	19,420,052
Loss Per Share	$ (0.02)	$ (0.07)

The accompanying notes are an integral part of these financial statements.

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY

	Preferred Stock		Common Stock		Treasury	Common Stock to be
	Shares	Amount	Shares	Amount	Stock	Issued
Balance December 31, 1995	247,100	$ 2,471	12,210,949	$ 122,109	$ --	$ --
January 1996 shares issued in connection with merger	(247,100)	(2,471)	(3,784,905)	(37,849)	--	5,059
Shares issued for cash at $0.50 - 3.00 per share	--	--	314,287	3,143	--	--
Shares issued in exercise of options at $1.00 - $1.25 per share	--	--	130,000	1,300	--	--
Shares issued for services at $1.25 per share	--	--	14,282	143	--	--
Shares issued for receivable at $1.00 - 3.00 per share	--	--	--	--	--	407
Shares issued to officer and employee for patents	--	--	--	--	--	2,250
Net Loss	--	--	--	--	--	--
Balance December 31, 1996	--	--	8,884,613	88,846	--	7,716

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock		Common Stock		Treasury	Common Stock to be
	Shares	Amount	Shares	Amount	Stock	Issued
Shares issued for cash at $0.01 - 3.00 per share	--	$ --	228,150	$ 2,282	$ --	$ 49
Shares issued to officers for loans at $0.08 - 1.82 per share	--	--	249,444	2,494	--	--
Shares issued for services at $0.50 - 2.59 per share	--	--	10,398	104	--	--
Shares issued to officers for patents	--	--	260,813	2,608	--	(2,250)
Shares issued for cash and receivables at $1.75 - 2.00 per share	--	--	58,286	583	--	(100)
Shares issued to VideOcart creditors	--	--	97,610	976	--	(976)
Shares issued for research & development at par	--	--	--	--	--	464
Shares issued for employee compensation at $2.50 per share	--	--	6,000	60	--	--
Net Loss	--	--	--	--	--	--
Balance December 31, 1997	--	--	9,795,314	97,953	--	4,903

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock		Common Stock		Treasury	Common Stock to be
	Shares	Amount	Shares	Amount	Stock	Issued
Shares issued for cash at $1.50 - 3.00 per share	--	$ --	294,059	$ 2,941	$ --	$ (100)

Shares issued for services at $2.00 - 7.80 per share	--	--	13,648	136	--	--
Shares issued for employee compensation at $2.19 - 3.06 per share	--	--	4,363	44	--	--
Shares issued for accounts receivable at $1.50 - 2.12 per share	--	--	129,437	1,294	--	--
Shares issued for 1,500 shares of Avtel stock at $3.00 per share	--	--	4,125	41	--	--
Shares issued for research & development contract	--	--	46,366	464	--	(464)
Shares issued to officer for patent at $2.94 per share	--	--	150,000	1,500	--	250
Shares returned at $1.58 per share	--	--	(42,493)	(425)	--	--
Net Loss	--	--	--	--	--	--
Balance December 31, 1998	--	--	10,394,819	103,948	--	4,589

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock		Common Stock		Treasury	Common Stock to be
	Shares	Amount	Shares	Amount	Stock	Issued
Shares issued for cash at $1.96 - 3.00 per share	--	$ --	701,525	$ 7,015	$ --	$ --
Shares issued for employee compensation at $1.95 - 2.34 per share	--	--	2,995	30	--	--
Shares issued for exercise of options at $0.52 - .86 per share	--	--	238,271	2,383	--	--
Shares returned at $0.67-1.58 per share	--	--	(62,489)	(625)	--	--
Net Loss	--	--	--	--	--	--
Balance December 31, 1999	--	--	11,275,121	112,751	--	4,589

Shares issued for cash at $1.07 - 2.75 per share	--	--	279,742	2,798	--	--
Preferred shares issued for cash at $17 - 26 per share	84,576	846	--	--	--	--
Shares issued for employee compensation at $3.99 per share	--	--	74,608	746	--	--

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock		Common Stock		Treasury	Common Stock to be
	Shares	Amount	Shares	Amount	Stock	Issued
Shares issued for exercise of stock options at $0.86 - 1.07 per share	--	$ --	597,778	$ 5,978	$ --	$ --
Shares issued for accounts payable at $2.75 - 3.00 per share	--	--	9,488	95	--	--
Paid-in capital from treasury stock transaction	--	--	--	--	--	--
Shares canceled & converted to preferred shares at $2.75 per share	--	--	(100,000)	(1,000)	--	--
Conversion of note payable to preferred shares at $26 per share	9,615	96	--	--	--	--
Shares issued that were paid for in 1997	--	--	23,334	233	--	(233)
Shares issued for services at $0.89 per share	--	--	2,697	27	--	--
Shares returned at $1.73 - 2.12 per share	--	--	(10,000)	(100)	--	--
Net Loss	--	--	--	--	--	--
Balance December 31, 2000	94,191	942	12,152,768	121,528	--	4,356

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock		Common Stock		Treasury	Common Stock to be
	Shares	Amount	Shares	Amount	Stock	Issued
Shares issued for cash at $0.82 per share	--	$ --	4,685	$ 47	$ --	$ --
Preferred shares issued for cash at $6.60 per share	6,061	60	--	--	--	--
Preferred shares issued for payment of note payable at $6.60 per share	68,182	682	--	--	--	--
Shares canceled for nonpayment	--	--	(4,694)	(47)	--	--
Shares issued for research & development expenses at $1.00 per share	--	--	15,000	150	--	--
Shares issued for general & administrative expenses at $0.66 per share	--	--	507,048	5,070	--	--
Shares returned to Company for accounts receivable of $ 98,375	--	--	--	--	(1,000)	--
Net Loss	--	--	--	--	--	--
Balance December 31, 2001	168,434	1,684	12,674,807	126,748	(1,000)	4,356

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY

(continued)

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Treasury Stock	Common Stock to be Issued
Shares canceled for services not rendered	--	$ --	(304,229)	$ (3,042)	$ --	$ --
Cash received for shares that have not yet been issued	--	--	--	--	--	3,333
Net Loss	--	--	--	--	--	--
Balance December 31, 2002	168,434	1,684	12,370,578	123,706	(1,000)	7,689
Shares issued for cash at $0.05 - 0.75 per share	--	--	2,580,000	25,800	--	(3,333)
Shares issued for S&C Medical at $0.05 per share	--	--	3,000,000	30,000	--	--
Shares issued for notes payable at $.04-.05/share	--	--	11,259,786	112,598	--	--
Shares issued for accounts payable at $.01-.10/share	--	--	4,200,000	42,000	--	--
Shares authorized for expense at $.03 per share - not issued	--	--	--	--	--	9,545
Shares authorized for payment of accounts payable at $.21 per share - not issued	--	--	--	--	--	56

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Preferred Stock	Common Stock	Treasury	Common Stock to be

	Shares	Amount	Shares	Amount	Stock	Issued	
Net Loss	--	$ --	--	$ --	$ --	$ --	$
Balance December 31, 2003	168,434	1,684	33,410,364	334,104	(1,000)	13,957	1
Shares issued for cash at	--						
$.036 - .15 per share	--	--	770,000	7,700	--	--	
Shares issued for accounts payable at $.05-.23/share	--	--	391,939	3,919	--	--	
Shares issued for expenses at $.04 - .23 per share	--	--	1,910,604	19,106	--	(9,203)	
Authorized shares issued	--	--	5,571	56	--	(56)	
Shares issued for settlement of liabilities	--	--	152,142	1,521	--	--	
Net Loss	--	--	--	--	--	--	
Balance December 31, 2004	168,434	$ 1,684	36,640,620	$ 366,406	$ (1,000)	$ 4,698	$13

The accompanying notes are an integral part of these financial statements.

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF CASH FLOWS

	For the Year ended December 31, 2004	For the Year ended December 31, 2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (632,293)	$ (1,361,753)
Adjustments used to reconcile net loss to net cash provided by (used in) operating activities:		
Stock issued for general and administrative	63,545	28,635
Stock issued for research and development	47,850	-
Stock returned for services not rendered	-	-

(Gain) loss on sale/disposal of assets	(261,138)	220,956
Compensation expense from stock options	-	-
Stock issued for interest expense	-	95,416
Stock issued for accounts payable	36,350	146,970
Deferred income	-	-
Depreciation and amortization	144,062	230,448
(Increase) decrease in accounts receivable	-	-
(Increase) decrease in shareholder receivable	-	-
(Increase) decrease in other assets & prepaids	(24,103)	(2,512)
Increase (decrease) in accounts payable	(103,090)	10,927
Increase (decrease) in accrued liabilities	379,823	369,383
Net Cash Used in Operating Activities	(348,994)	(261,530)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition/Sale of equipment, net	2,328	-
Acquisition/Sale of patents	311,430	(19,336)
Acquisition/Sale of stock, net	-	-
Net Cash Used by Investing Activities	313,758	(19,336)

KLEVER MARKETING, INC.
(a Development Stage Company)
STATEMENT OF CASH FLOWS
(continued)

	For the Year ended December 31,	
	2004	2003
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds capital stock issued	65,120	173,500
Proceeds from loans	2,374	150,506
Loan receivables	-	(15,000)
Principal payments on lease obligations	-	(1,749)
Cash payments on notes payable	(11,000)	(27,899)

Net Cash Provided by Financing Activities	56,494	279,358
Net Increase (Decrease) in Cash and Cash Equivalents	21,258	(1,508)
Cash and Cash Equivalents at Beginning of the Year	1,916	3,424
Cash and Cash Equivalents at End of the Year	$ 23,174	$ 1,916
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest	$ -	$ -
Income Taxes	$ 100	$ 100

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

During September 2003, 3,000,000 shares of common stock were issued to acquire 80% of S&C Medical. The Company is in the process of cancelling these shares.

During September 2003, 11,259,786 shares of common stock were issued for notes payable.

The accompanying notes are an integral part of these financial statements.

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN

The accompanying financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company will continue in operation for at least one year and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several conditions and events cast doubt about the Company's ability to continue as a "going concern". The Company has incurred net losses of approximately $632,000 for the year ended December 31, 2004, losses of approximately $1,362,000 for the year ended December 31, 2003 and losses of approximately $17,581,000 since inception. The Company has a liquidity problem and requires additional financing in order to finance its business activities on an ongoing basis. The Company is actively pursuing alternative financing and has had discussions with various third parties, although no firm commitments have been obtained.

The Company's future capital requirements will depend on numerous factors including, but not limited to, continued progress in developing its products, and market penetration.

These financial statements do not reflect adjustments that would be necessary if the Company were unable to continue as a "going concern". While management believes that the actions already taken or planned, will mitigate the adverse conditions and events which raise doubt about the validity of the "going concern" assumption used in preparing these financial statements, there can be no assurance that these actions will be successful.

If the Company were unable to continue as a "going concern", then substantial adjustments would be necessary to the carrying values of assets, the reported amounts of its liabilities, the reported revenues and expenses, and the balance sheet classifications used.

Organization and Basis of Presentation

The Company was organized under the laws of the State of Delaware in December 1989. The Company was in the Development stage from 1989 to 1991. The Company was an operating company from 1992 to December 8, 1993 when it filed petitions for relief under Chapter 11 bankruptcy. The Company was inactive until July 5, 1996 when the Company merged with Klever Kart, Inc. in a reverse merger and changed its name to Klever Marketing, Inc. During the period from July 5, 1996 to December 31, 2002, the Company has been in the development stage, except for an approximate 2-month period in 2000 when the Company generated revenue from installations of their Klever-Kart system in stores.

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN (continued)

Nature of Business

The Company was formed for the purpose of creating a vehicle to obtain capital, to file and acquire patents, to seek out, investigate, develop, manufacture and market electronic in-store advertising, directory and coupon services which have potential for profit. The Company is currently in the process of the commercialization of the patented process it has acquired.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

This summary of accounting policies for Klever Marketing, Inc. is presented to assist in understanding the Company's financial statements. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Cash Equivalents

For the purpose of reporting cash flows, the Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made in the 2003 financial statements to conform with the 2004 presentation.

Loss per Share

The reconciliations of the numerators and denominators of the basic earnings per share computations are as follows:

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (continued)

	Loss	Shares	Per-Share Amount
	For the year ended December 31, 2004		
BASIC LOSS PER SHARE			
Loss available to common shareholders	$ (632,293)	34,899,606	$ (0.0
	For the year ended December 31, 2003		
BASIC LOSS PER SHARE			
Loss available to common shareholders	$ (1,361,753)	19,420,052	$ (0.0

Basic earnings per common share were computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted loss per common share for the years ended December 31, 2004 and 2003 are not presented as it would be anti-dilutive. At December 31, 2004 and

2003, the total number of potentially dilutive common stock equivalents was 9,242,589 and 17,319,281, respectively.

Concentration of Credit Risk

The Company has no significant off-balance-sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements.

Fixed Assets

Fixed assets are stated at cost. Depreciation and amortization are computed using the straight- line method over the estimated economic useful lives of the related assets as follows:

Computer equipment	3 years
Office furniture and fixtures	5-10 years

Upon sale or other disposition of property and equipment, the cost and related accumulated depreciation or amortization are removed from the accounts and any gain or loss is included in the determination of income or loss.

Expenditures for maintenance and repairs are charged to expense as incurred. Major overhauls and betterments are capitalized and depreciated over their estimated economic useful lives.

Depreciation expense was $1,785 and $7,941 for the years ended December 31, 2004 and 2003, respectively.

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (continued)

Intangibles

Intangibles associated with certain technology agreements are amortized over 10 -14 years.

Amortization expense was $142,277 and $222,507 for the years ended December 31, 2004 and 2003, respectively.

NOTE 3 - INCOME TAXES

The Company has accumulated tax losses estimated at $17,500,000 expiring in years 2007 through 2024. Current tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. The amount of net operating loss carryforward available to offset future taxable income may be limited if there is a substantial change in ownership.

NOTE 4 - LEASE COMMITMENT

The Company leased approximately 1,620 square feet of office space from

Four Cabo's Enterprises, Ltd. on a month to month basis. The lease payments were approximately $2,042 per month. This lease was abandoned as of September 30, 2004.

On October 1, 2004, the Company began leasing approximately 144 square feet of office space from Four Cabo's Enterprises, Ltd. on a month to month basis. The lease payments are approximately $125 per month.

In August 2000, the Company entered into a lease agreement for the rental of a postage meter. The lease expires in August 2006. The monthly lease payments due on the above lease is approximately $110.

The minimum future lease payments under these leases for the next five years are:

Year Ended December 31,	
2005	$ 1,320
2006	880
2007	-
2008	-
2009	-
Total minimum future lease payments	$ 2,200

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 5 - RESEARCH AND DEVELOPMENT

Research and development of the Klever-Kart System began with the sole purpose of reducing thefts of shopping carts. A voice-activated alarm system was envisioned. As time and technology progressed, the present embodiment of the Klever-Kart System evolved into a "product specific" point-of-purchase advertising system consisting of an easily readable electronic display that attaches to any shopping cart, a shelf mounted message sending unit that automatically sends featured products' ad-message to the display and a host computer using proprietary software.

During the years ended December 31, 2004 and 2003, the Company expended $69,765 and $0, respectively for research and development of the technology involved with its patents.

NOTE 6- RELATED PARTY TRANSACTIONS

OLSON HOLDINGS, INC. LOANS TO THE COMPANY

Olson Holdings, Inc. made a $150,000.00 unsecured loan to the Company on February 26, 2001. This note has a six-month term at 10% annual interest maturing on August 26, 2001. The maker of the note may give written notice within 10-days of maturity, to the Company, to convert the principal and interest into common stock with a convertible price of $1.05 (10-day weighted average from February 26, 2001 and the nine days prior). At December 31, 2004, the total amount due on this note was $224,290.

Olson Holdings made an unsecured loan to the Company on January 7, 2002 for $1,835.84. This note has an annual interest rate of 8% and matures on January 7, 2004. An option was granted in connection with this note for 3,060 shares at a strike price of $1.00 and an expiration date of January 7, 2005. At December 31, 2004, the total amount due on this note was $2,310.

OLSON FOUNDATION LOANS TO THE COMPANY

Olson Foundation loaned the Company $60,000 on July 16, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until January 15, 2002. Principal and all due and unpaid interest are to be paid on January 16, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 18,182 common shares at a strike price of $0.01 and an expiration date of July 16, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder. At December 31, 2004, the total amount due on this note was $97,205.

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 6- RELATED PARTY TRANSACTIONS (continued)

Olson Foundation loaned the Company $90,000 on July 30, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until January 30, 2002. Principal and all due and unpaid interest are to be paid on January 30, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 27,273 common shares at a strike price of $0.01 and an expiration date of July 30, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder. At December 31, 2004, the total amount due on this note was $144,987.

Olson Foundation made unsecured loans to the Company on May 3, 2002, August 16, 2002, and October 29, 2002 for $7,359, $10,000, and $1,059.37, respectively. These notes are payable within two years plus interest at 8% per annum. In conjunction with the notes, Olson Foundation also received common stock options for each note at a ratio of 1.667 common shares for each dollar loaned. At December 31, 2004, the total amount due on these loans was $22,296.

ESTATE OF PETER D. OLSON

Peter D. Olson loaned the Company $12,500, $12,500, and $3,750 on September 1, 1998, September 17, 1998, and September 22, 1998, respectively. These notes bear an interest rate of 10% per annum. On September 11, 2003, the outstanding loan of $28,750 and accrued interest of $17,679 were converted to 928,580 shares of common stock valued at $.05 per share. At December 31, 2004, the total amount due on these loans was $0.

PRESIDIO INVESTMENTS, LLC LOAN TO THE COMPANY

Presidio Investments, LLC has loaned the Company $1,000,000, which loan is secured by a blanket lien on the assets of the Company. The sole trustee of Presidio Investments, LLC is William J. Howard, trustee of the Olson Legacy Trust, whose residual beneficiary is the Olson Foundation. The Olson Foundation was the guarantor for funds borrowed from Northern Trust Bank which funds were used to make the loan to the Company. This note was amended on March 22, 2001 with an additional $500,000 loaned to the Company between January 1, 2001 and March 22, 2001. An Interest rate of 8% applies until March 31, 2001 and increases to 10% on April 1, 2001. Principal and all due and unpaid interest are to be paid on October 1, 2001. This note is convertible to Class C convertible preferred shares at the option of the note holder. At December 31, 2004, the total amount due on these loans was $2,351,303.

OLSON LEGACY TRUST LOAN TO THE COMPANY

Olson Legacy Trust made unsecured loans to the Company on October 19, 2001 and November 15, 2001 in the amounts of $20,706 and $30,000, respectively. The notes are payable

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 6- RELATED PARTY TRANSACTIONS (continued)

within two years plus interest at 8% per annum. In conjunction with the notes, Olson Foundation received common stock options for each note at a ratio of 1.667 common shares for each dollar loaned to the Company. On September 11, 2003, the outstanding loan of $50,706 and accrued interest of $7,887 were converted to 1,171,850 shares of common stock valued at $.05 per share. At December 31, 2004, the total amount due on these loans was $0.

DIRECTOR LOAN TO THE COMPANY

On October 20, 1998, the Company borrowed $150,000 from William C. Bailey at an annual interest rate of 12% and a maturity date of April 30, 1999. The Company made a payment of $50,000 on February 26, 1999. On September 11, 2003, the remaining loan balance of $100,000 and accrued interest of $50,006 were converted to 3,000,113 shares of common stock valued at $.05 per share. At December 31, 2004, the total amount due on this loan was $0.

DIRECTOR AND OFFICER LOAN TO THE COMPANY

Richard J. Trout loaned the Company $396.85, $163.00 and $568.08 on September 16, 2002, March 19, 2003, and April 28, 2003, respectively. During the three months ended September 30, 2003, Mr. Trout loaned the Company an additional $839. These notes are payable within two years plus interest at 8% per annum. In conjunction with the notes, Mr. Trout received common stock options at a ratio of 1.667 common shares for each dollar loaned to the Company.

On September 11, 2003, the outstanding loan balance of $1,967 and accrued interest of $65 were converted to 40,645 shares of common stock valued at $.05 per share. At December 31, 2004, the total amount due on these loans was $0.

THE SEABURY GROUP LOAN TO THE COMPANY

The Seabury Group loaned the Company $60,000 on July 5, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until January 5, 2002. Principal and all due and unpaid interest are to be paid on January 5, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 18,182 common shares at a strike price of $0.01 and an expiration date of July 5, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder. At December 31, 2004, the total amount due on this loan was $102,029.

The Seabury Group loaned the Company $190,000 on August 22, 2001, of which is secured by a blanket lien on the assets of the Company. An interest rate of 10% compounded monthly applies until February 22, 2002. Principal and all due and unpaid interest are to be paid on February 22, 2002, or the interest rate increases to 15% compounded daily. Warrants were issued in conjunction with this loan for 57,576 common shares at a strike price of $0.01 and an expiration date

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 6- RELATED PARTY TRANSACTIONS (continued)

of August 22, 2006. This note is convertible to Class C convertible preferred shares or to Class D convertible preferred shares at the option of the note holder. At December 31, 2004, the total amount due on this loan was $316,889.

ARBINGER LOANS TO THE COMPANY

The loans listed below were made to the Company by The Arbinger Institute. The Arbinger Institute is controlled by four equal partners, of which C. Terry Warner and D. Paul Smith are each a partner.

DATE	Principal	Annual Interest Rate	Maturity Date	Common Stock Option # Shares	Option Strike Price
10/19/01	$10,000.00	8.00%	10/19/02	16,667	$1.00
12/31/01	$6,617.04	8.00%	12/31/02	11,028	$1.00
01/30/02	$15,000.00	8.00%	01/30/04	25,000	$1.00
02/18/02	$4,000.00	8.00%	02/18/03	6,667	$1.00
07/02/02	$7,700.00	8.00%	07/02/03	12,833	$1.00
08/30/02	$200.00	8.00%	08/30/04	333	$1.00
09/18/02	$8,500.00	8.00%	09/18/04	14,167	$1.00

11/19/02	$5,500.00	8.00%	11/19/04	9,167	$1.00
04/08/03	$1,200.00	8.00%	04/08/05	2,000	$1.00
07/30/03	$15,000.00	8.00%	07/30/05	25,000	$1.00
Total	$73,717.04			122,862	

On September 11, 2003, the outstanding loan of $73,717 and accrued interest of $7,137 were converted to 1,617,074 shares of common stock valued at $.05 per share. At December 31, 2004, the total amount due on these loans was $0.

The loans listed below were made to the Company by The Arbinger Institute after September 11, 2003.

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 6- RELATED PARTY TRANSACTIONS (continued)

DATE	Principal	Annual Interest Rate	Maturity Date	Common Stock Option # Shares	Option Strike Price
09/12/03	$10,040.00	8.00%	09/12/05	16,733	$1.00
09/17/03	$471.73	8.00%	09/17/05	786	$1.00
09/25/03	$4,500.00	8.00%	09/25/05	7,500	$1.00
09/26/03	$80.95	8.00%	09/26/05	135	$1.00
10/01/03	$79.00	8.00%	10/01/05	132	$1.00
11/01/03	$79.00	8.00%	11/01/05	132	$1.00
11/26/03	$10,000.00	8.00%	11/26/05	16,667	$1.00
12/02/03	$79.00	8.00%	12/02/05	132	$1.00
12/15/03	$13,000.00	8.00%	12/15/05	21,667	$1.00
12/24/03	$2,750.00	8.00%	12/24/05	4,583	$1.00
Total	$41,079.68			68,467	

During 2004, the Arbinger Institute loaned the Company an additional

$2,260 to pay general and administrative expenses. At December 31, 2004, the total amount due on these loans is $45,715.

The Arbinger Institute has also made additional loans to the Company to pay for storage space. The total amount of these loans is $1,595 plus accrued interest of $113. These loans were converted to common stock on September 11, 2003. As of December 31, 2004, the stock has not been issued due to administrative reasons.

DIRECTOR LOANS TO THE COMPANY

C. Terry Warner made unsecured loans to the Company on September 27, 2002, August 12, 2002, April 16, 2003, May 2, 2003, May 5, 2003, and May 8, 2003 in the amounts of $15,000, $21,348, $10,000, $1,500, $800, and $19,000, respectively. These notes are payable within two years plus interest at 8% per annum. In conjunction with the notes, Mr. Warner received common stock options for each note at a ratio of 1.667 common shares for each dollar loaned to the Company. On September 11, 2003, the outstanding loan of $67,648 and accrued interest of $3,992 were converted to 1,432,791 shares of common stock valued at $.05 per share. At December 31, 2004, the total amount due on these loans was $0.

DIRECTOR AND OFFICER LOANS TO THE COMPANY

The loans listed below were made to the Company by D. Paul Smith, a member of the Board of Directors:

KLEVER MARKETING, INC.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 6- RELATED PARTY TRANSACTIONS (continued)

DATE	Principal	Annual Interest Rate	Maturity Date	Common Stock Option # Shares	Option Strike Price
12/31/02	$25,000.00	8.00%	12/31/04	41,667	$1.00
02/21/03	$5,000.00	8.00%	02/21/05	8,333	$1.00
03/31/03	$15,000.00	8.00%	03/31/05	25,000	$1.00
04/10/02	$15,000.00	8.00%	04/10/03	25,000	$1.00
08/30/02	$370.23	8.00%	08/30/04	617	$1.00
11/01/02	$364.82	8.00%	11/01/04	608	$1.00
11/04/02	$15,000.00	8.00%	11/04/04	25,000	$1.00
07/18/03	$7,500.00	8.00%	07/18/05	12,500	$1.00
08/18/03	$5,000.00	8.00%	08/18/05	8,333	$1.00
Total	$88,235.05			147,058	

On September 11, 2003, the outstanding loan $88,235 and accrued interest of $5,215 were converted to 1,868,997 shares of common stock valued at $.05 per share. At December 31, 2004, the total amount due on these loans was $0.

On October 8, 2003, Mr. Smith loaned the Company $2,500. This note is payable within two years plus interest at 8% per annum. In conjunction with the note, Mr. Smith received a common stock option at a ratio of 1.667 common shares for each dollar loaned to the Company. The option has a strike price of $1.00 and a 3-year expiration date. At December 31, 2004, the total amount due on this loan was $2,813.

PAUL G. BEGUM

On February 1, 2000, an accrued liability owed to Paul G. Begum in the amount of $306,666.64 was converted to common shares by exercise of options for the purchase of 579,585 shares at $.86 per share and a note receivable in the amount of $191,776.46. The note is payable in thirty-six equal installments with interest at the rate of eight percent. The note is collateralized by 100,000 shares of the Company's common shares. As of July 31, 2001, the total balance on the note receivable was $98,375. On July 31, 2001, the Company forgave the remaining amount owed on the receivable in exchange for 100,000 shares of common stock that were returned to the Company.

During the year ended December 31, 2001, the Company accrued additional liabilities from a separation agreement with Paul G. Begum. During 2003, the Company paid $27,899 towards these liabilities. The total amount of these liabilities remaining at December 31, 2003 is $38,035.

In February 2004, the remaining liabilities $38,035 due to Mr. Begum were settled in exchange for 152,142 shares of the Company's free-trading common stock valued at $.25 per share.

NOTE 7 - NOTES PAYABLE

During 2002, the Company received loans of $45,000 from third parties. The loans are demand loans and carry an interest rate of 8% per annum. At December 31, 2004, the total amount due on these loans is $57,013.

NOTE 8- STOCK OPTIONS

The shareholders approved, by a majority vote, the adoption of the 1998 Stock Incentive Plan (the "Plan"). As amended on August 11, 2003, the Plan reserves 20,000,000 shares of common stock for issuance upon the exercise of options which may be granted from time-to-time to officers, directors and certain employees and consultants of the Company or its subsidiaries. The Plan permits the award of both qualified and non-qualified incentive stock options. On August 18, 2003, the Company registered its "Amended Stock Incentive Plan of Klever Marketing, Inc." on Form S-8.

As of December 31, 2004, 6,861,584 options were outstanding. Compensation expense charged to operations in 2004 and 2003 is $0 and $0.

The following table sets forth the options and warrants outstanding as of December 31, 2003.

	Option / Warrants Shares	Weighted Average Exercise Price	W A Fa
Options & warrants outstanding, December 31, 2002	3,774,505	$ 1.22	
Granted, Exercise price more than fair value	5,365,476	0.23	
Granted, Exercise price less than fair value	-	-	
Expired	(2,057,352)	1.10	
Exercised	-	-	
Options & warrants outstanding, December 31, 2003	7,082,629	$ 0.73	

KLEVER MARKETING, INC.
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NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8- STOCK OPTIONS (continued)

The following table sets forth the options and warrants outstanding as of December 31, 2004.

	Option / Warrants Shares	Weigh Aver Exerc Pri
Options & warrants outstanding, December 31, 2003	7,082,629	$
Granted, Exercise price more than fair value	900,132	
Granted, Exercise price less than fair value	-	
Expired	(1,121,177)	

Exercised	-	
Options & warrants outstanding, December 31, 2004	6,861,584	$

Exercise prices for optioned shares and warrants outstanding as of December 31, 2004 ranged from $0.01 to $2.77. A summary of these options by range of exercise prices is shown as follows:

Exercise Price	Shares / Warrants Outstanding	Weighted-Average Exercise Price	Shares/ Warrants Currently Exercisable	Weig Ave Exercis Curr Exerc
$ 0.01	121,213	$ 0.01	121,213	$
0.05	350,000	0.05	350,000	
0.06	3,167,000	0.06	3,167,000	
0.065	400,000	0.065	400,000	
0.23	200,000	0.23	100,000	
0.50	100,000	0.50	100,000	
0.54	60,000	0.54	60,000	
0.66	30,303	0.66	30,303	
1.00	991,192	1.00	991,192	
2.50	198,000	2.50	198,000	
2.56	146,483	2.56	146,483	
2.75	937,000	2.75	937,000	
2.77	160,393	2.77	160,393	

NOTE 9 - PREFERRED STOCK

On February 7, 2000 the Board of Directors authorized and established "Class A Voting Preferred Stock" ("Class A Shares") as a class of its $.01 par value, 2,000,000 shares authorized, preferred stock. Class A Shares consisted of 1,000,000, 125,000 shares thereof were designated as Series 1 shares. On May 20, 2002, the Board of Directors amended the number of authorized shares of Class A voting preferred stock to 55,000 shares.

Class A Shares are convertible into Common Stock at an initial conversion price of $2.60 (subject to adjustment).

Holders of Class A Shares shall be entitled to receive when and as declared by the Board of Directors of the Company out of any funds at the time legally available therefor dividends at the rate of $2.20 per share per annum, payable semi-annually on the first day of January and July of each year. Such dividends shall accrue on each such share from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Such dividend shall be cumulative and may be paid in cash or in kind through the distribution of .0425 Class A Shares, Series 1, for each outstanding Class A Share, on each dividend payment date. In addition, each holder of Class A Shares shall be entitled to receive, when and as declared, a dividend equal to each dividend declared and paid on the shares of Common Stock, on a share for share basis. If there is a split or dividend on the Common Stock, then the Class A Share dividends shall be adjusted as if a similar split or dividend had occurred with respect to the Class A Shares.

Class A Shareholders shall be entitled to one vote for each share of Common Stock into which such Class A Shares could then be converted, and shall have voting rights and powers equal to that of a holder of Common Stock. The Holders of Class A Shares shall vote with the holders of Common Stock and not as a separate class.

Class A Shares carry a liquidation preference of $26 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares.

The Class A Shares shall be redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time and from time to time on or after July 1, 2002. The redemption price shall be $26 per share together with accrued but unpaid dividends on such shares, if any.

On September 24, 2000 the Board of Directors authorized and established "Class B Voting Preferred Stock" ("Class B Shares") as a class of its $.01 par value, 2,000,000 shares authorized, preferred stock. Class B Shares consisted of 250,000, 125,000 shares thereof were designated as Series 1 shares. On May 20, 2002, the Board of Directors amended the number of authorized shares of Class B voting preferred stock to 42,000 shares.

NOTE 9 - PREFERRED STOCK (continued)

Class B Shares are convertible into Common Stock at an initial conversion price of $1.70 (subject to adjustment).

Holders of Class B Shares shall be entitled to receive when and as declared by the Board of Directors of the Corporation out of any funds at the time legally available therefore dividends at the rate of the Original Issue Price divided by 11.8181818 per share per annum, payable semi-annually on the first day of January and July of each year. Such dividends shall accrue on each such share from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Such dividends shall be cumulative and may be paid in cash or in kind through the distribution of .0425 Class B Shares, of the same Series for which the dividend is accrued, for each outstanding Class

B Share, on each dividend payment date; provided, that if such dividends in respect of any period shall not have been paid or declared and set apart for payment for all outstanding Class B Shares by each payment date, then until all unpaid dividends thereon shall be paid or set apart for payment to the holders of such shares, the Corporation may not pay, declare or set apart any dividend or other distribution on its shares of Common Stock or other shares junior to the Class B Shares, nor may any other distributions, redemptions or other payments be made with respect to the shares of Common Stock or other junior shares. In addition to the foregoing, each holder of a Class B Share shall be entitled to receive, when and as declared, a dividend equal to each dividend declared and paid on the shares of Common Stock, on a share for share basis, so the holders of the Class B Shares shall be entitled to participate equally on a share for share basis with the holders of the shares of Common Stock. If there is a share split or dividend on the Common Stock, then the Class B Share dividends shall be adjusted as if a similar split or dividend had occurred with respect to the Class B Shares.

Class B Shareholders shall be entitled to one vote for each share of Common Stock into which such Class B Shares could then be converted and shall have voting rights and powers equal to the voting rights and powers of a holder of shares of Common Stock. The holders of Class B Shares shall vote with the holders of shares of Common Stock and not as a separate class.

Class B Shares shall carry a liquidation preference of $17 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares.

The Class B Shares shall be redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time and from time to time on or after March 24, 2004 for Series 1, and such date as determined by the Board of Directors for each additional Series. The redemption price shall be $17.00 per share together with accrued but unpaid dividends on such shares, if any.

NOTE 9 - PREFERRED STOCK (continued)

On January 2, 2001 the Board of Directors authorized and established "Class C Voting Preferred Stock" ("Class C Shares") as a class of its $.01 par value, 2,000,000 shares authorized, preferred stock. Class C Shares consisted of 500,000, 125,000 shares thereof were designated as Series 1 shares and 125,000 shares thereof were designated as Series 2 shares. On May 20, 2002, the Board of Directors amended the number of authorized shares of Class C voting preferred stock to 150,000 shares.

Class C Shares are convertible into Common Stock at an initial conversion price of $.66 (subject to adjustment).

Holders of Class C Shares shall be entitled to receive when and as declared by the Board of Directors of the Corporation out of any funds at the time legally available therefore dividends at the rate of the Original Issue Price divided by 11.8181818 per share per annum, payable semi-annually on the first day of January and July of each year. Such dividends shall accrue on each such share from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Such dividends shall be cumulative and may be paid in cash or in kind through the distribution of .0425 Class C Shares, of the same Series for which the dividend is accrued, for each outstanding Class C Share, on each dividend payment date; provided, that if such dividends in respect of any period shall not have been paid or declared and set apart for payment for all outstanding Class C Shares by each payment date, then until all unpaid dividends thereon shall be paid or set apart for payment to the holders of such shares, the Corporation may not pay, declare or set apart any dividend or other distribution on its shares of Common Stock or other shares junior to the Class C Shares, nor may any other distributions, redemptions or other payments be made with respect to the shares of Common Stock or other junior shares. In addition to the foregoing, each holder of a Class C Share shall be entitled to receive, when and as declared, a dividend equal to each dividend declared and paid on the shares of Common Stock, on a share for share basis, so the holders of the Class C Shares shall be entitled to participate equally on a share for share basis with the holders of the shares of Common Stock. If there is a share split or dividend on the Common Stock, then the Class C Share dividends shall be adjusted as if a similar split or dividend had occurred with respect to the Class C Shares.

Class C Shareholders shall be entitled to one vote for each share of Common Stock into which such Class C Shares could then be converted and shall have voting rights and powers equal to the voting rights and powers of a holder of shares of Common Stock. The holders of Class C Shares shall vote with the holders of shares of Common Stock and not as a separate class.

Class C Shares shall carry a liquidation preference of $6.60 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares.

NOTE 9 - PREFERRED STOCK (continued)

The Class C Shares shall be redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time and from time to time on or after July 2, 2004 for Series 1, and such date as determined by the Board of Directors for each additional Series. The redemption price shall be $6.60 per share together with accrued but unpaid dividends on such shares, if any.

On May 20, 2002, the Board of Directors authorized and established "Class D Voting Preferred Stock" ("Class D Shares") as a class of its $.01 par value, 2,000,000 shares authorized, preferred stock. Class D Shares consist of 500,000 shares thereof are designated as "Class D Voting Preferred Stock" (the "Class D Shares").

Class D Shares are convertible into Common Stock at an initial conversion price of $1.05 (subject to adjustment).

Holders of Class D Shares shall be entitled to receive when and as declared by the Board of Directors of the Corporation out of any funds at the time legally available therefore dividends at the rate of the Original Issue Price divided by 11.8181818 per share per annum, payable semi-annually on the first day of January and July of each year. Such dividends shall accrue on each such share from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Such dividends shall be cumulative and may be paid in cash or in kind through the distribution of .0425 Class D Shares for each outstanding Class D Share, on each dividend payment date; provided, that if such dividends in respect of any period shall not have been paid or declared and set apart for payment for all outstanding Class D Shares by each payment date, then until all unpaid dividends thereon shall be paid or set apart for payment to the holders of such shares, the Corporation may not pay, declare or set apart any dividend or other distribution on its shares of Common Stock or other shares junior to the Class D Shares, nor may any other distributions, redemptions or other payments be made with respect to the shares of Common Stock or other junior shares. In addition to the foregoing, each holder of a Class D Share shall be entitled to receive, when and as declared, a dividend equal to each dividend declared and paid on the shares of Common Stock, on a share for share basis, so the holders of the Class D Shares shall be entitled to participate equally on a share for share basis with the holders of the shares of Common Stock. If there is a share split or dividend on the Common Stock, then the Class D Share dividends shall be adjusted as if a similar split or dividend had occurred with respect to the Class D Shares.

Class D Shareholders shall be entitled to one vote for each share of Common Stock into which such Class D Shares could then be converted and shall have voting rights and powers equal to the voting rights and powers of a holder of shares of Common Stock. The holders of Class D Shares shall vote with the holders of shares of Common Stock and not as a separate class.

NOTE 9 - PREFERRED STOCK (continued)

Class D Shares shall carry a liquidation preference of $10.50 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares.

The Class D Shares shall be redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time and from time to time on or after May 14, 2007. The redemption price shall be $10.50 per share together with accrued but unpaid dividends on such shares, if any.

NOTE 10 - LITIGATION

On October 27, 2003, Thomas J. LaLanne, assignee of eiKart, LLC., filed against the Company in the Third Judicial District Court of Utah under the provisions of the Utah Foreign Judgement Act a judgement from the Superior Court of California, in and for the County of San Francisco Jurisdiction. Pursuant to the Judgement Information Statement, also filed on October 27, 2003, the amount of the above judgement is $81,124. The relief sought is collection from the Company in Utah of the amount of said judgement. The Company has filed an action to dismiss said Utah judgement on the grounds that the Superior Court of California did not have jurisdiction over the Company when the original judgement was granted. This judgment has been included in the financial statements as part of accrued liabilities at December 31, 2004 and 2003.

On September 6, 2002, an entry of judgment was entered against the Company by Micropower Direct, LLC. The total judgment was for $17,167.18. This judgment has been included in accounts payable as of December 31, 2004 and 2003.

A Confession of Judgement Statement of Klever Marketing, Inc. dated November 28, 2003 was filed in the amount of $16,135.81 in favor of Boult Wade Tennant. This amount has been included in accounts payable as of December 31, 2003. On May 7, 2004, the Company paid $16,135.81 to settle this judgment.

NOTE 11 - STOCK TRANSACTIONS

During January 2003, the Company received $65,000 for 866,667 shares of common stock. These shares were issued during the three months ended June 30, 2003.

On September 8, 2003, the Company issued 3,200,000 shares of common stock valued at $.04 per share for $128,000 of accounts payable.

On September 11, 2003, the Company converted $544,239 of notes payable, accrued interest, and accounts payable to 10,884,786 shares of common stock valued at $.05 per share.

KLEVER MARKETING, INC.
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NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 11 - STOCK TRANSACTIONS (continued)

On September 8, 2003, the Company converted $15,000 of notes payable to 375,000 shares of common stock valued at $.04 per share.

On September 11, 2003, the Company authorized issuance of 954,502 shares of common stock for payment of expenses of $28,635. As of December 31, 2003 these shares have not been issued.

On September 25, 2003, the Company issued 1,000,000 shares of common stock valued at $.10 per share for $100,000 of accounts payable.

On October 10, 2003, the Company received $56,000 for 1,120,000 shares of common stock.

On October 22, 2003, the Company received $50,000 for 250,000 shares of common stock.

On November 12, 2003, the Company received $2,500 for 10,000 shares of common stock.

On December 29, 2003, the Company authorized issuance of 5,571 shares of common stock for payment of $1,170 in accounts payable. As of December 31, 2003, these shares have not been issued.

On January 7, 2004, the Company issued 19,000 shares of common stock for payment of accounts payable of $3,800.

On January 23, 2004, the Company issued 50,000 shares of common stock for $7,000 in cash.

On January 27, 2004, the Company issued 7,046 shares of common stock for payment of accounts payable of $1,550.

On February 2, 2004, the Company issued 6,739 shares of common stock for payment of accounts payable of $1,550.

On February 6, 2004, the Company issued 200,000 shares of common stock for $28,000 in cash.

On February 9, 2004, the Company issued 152,142 shares of common stock for settlement of shareholder payables of $38,036.

On February 10, 2004, the Company issued 100,000 shares of common stock for $15,000 in cash.

NOTE 11 - STOCK TRANSACTIONS (continued)

On February 19, 2004, the Company issued 24,435 shares of common stock for payment of accounts payable of $5,125.

On February 20, 2004, the Company issued 200,000 shares of common stock for general and administrative expenses of $46,000.

On February 27, 2004, the Company issued 20,588 shares of common stock for payment of accounts payable of $3,500.

On March 17, 2004, the Company issued 7,619 shares of common stock for payment of accounts payable of $1,600.

On March 25, 2004, the Company issued 8,214 shares of common stock for payment of accounts payable of $1,150.

On May 5, 2004, the Company issued 14,375 shares of common stock for payment of accounts payable of $1,150.

On May 17, 2004, the Company issued 55,358 shares of common stock for payment of accounts payable of $3,875.

On June 14, 2004, the Company issued 20,000 shares of common stock for payment of accounts payable of $1,400.

On July 15, 2004, the Company issued 200,000 shares of common stock for cash of $7,200.

On July 27, 2004, the Company issued 20,000 shares of common stock for cash of $720.

On August 27, 2004, the Company issued 100,000 shares of common stock for cash of $3,600.

On September 1, 2004, the Company issued 1,154,502 shares of common stock at $.04 per share for general and administrative expenses of $23,090.

On September 8, 2004, the Company issued 100,000 shares of common stock for cash of $3,600.

On September 23, 2004, the Company issued 531,667 shares of common stock at $.09 per share for consulting expense of $47,850.

NOTE 11 - STOCK TRANSACTIONS (continued)

On November 18, 2004, the Company issued 151,000 shares of common stock at $.05 per share for accounts payable of $7,550.

On December 10, 2004, the Company issued 82,000 shares of common stock at $.05 per share for accounts payable of $4,100.

NOTE 12 - PURCHASE AGREEMENT

On July 29, 2003, the Company entered into an agreement to purchase 80% of the issued and outstanding shares of S&C Medical, Inc. (S&C). The Company agreed to issue 3,000,000 restricted shares of the Company's common voting stock to acquire the S&C shares. The Company also sent S&C $15,000 in cash. As of December 31, 2003, the Company cancelled the agreement. The 3,000,000 shares have not yet been returned to the Company. The Company is in the process of cancelling these shares. The $15,000 has been recorded as a shareholder receivable.

NOTE 13 - LICENSE AGREEMENT

On May 11, 2004, Media Cart, Inc. acquired from the Company a limited exclusive license to use the Company's United States patent portfolio for electronic display devices specific to Media Cart's product design. Under the license agreement, Media Cart paid the Company $200,000 and will pay ongoing royalties for all Media Cart products that utilize the Company's licensed technology.

NOTE 14 - SALE OF PATENTS

On August 27, 2004, the Company sold all of its international patents for $350,000. The international patents comprised approximately 69% of the total patents the Company owned.

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KLEVER MARKETING, INC.

Dated: April 15, 2005 By /S/ William J. Dupre

William J. Dupre
President, COO
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on this 15th day of April 2005.

Signatures	Title
/S/ William J. Dupre William J. Dupre	President, COO (Principal Executive Officer)
/S/ D. Paul Smith D. Paul Smith	C.F.O., Secretary, Treasurer, Chairman and Executive Vice-President (Principal Financial Officer)
/S/ Michael L. Mills Michael L. Mills	Director
/S/ C. Terry Warner C. Terry Warner	Director
/S/ William C. Bailey	

William C. Bailey	Director