

Edgar Filing: Electronic Sensor Technology, Inc - Form 10KSB/A

Electronic Sensor Technology, Inc  
Form 10KSB/A  
October 19, 2006

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

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Form 10-KSB/A

AMENDMENT NO. 2 TO ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES ACT OF 1934

For the fiscal year ended DECEMBER 31, 2005

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 333-87224

ELECTRONIC SENSOR TECHNOLOGY, INC.

-----  
(Name of small business issuer in its charter)

NEVADA

98-0372780

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(I.R.S. Employer Identification No.)

1077 BUSINESS CENTER CIRCLE,  
NEWBURY PARK, CALIFORNIA

91320

-----  
(Address of principal executive  
offices)

-----  
(Zip Code)

Issuer's telephone number (805) 480-1994

Securities registered under Section 12(b)  
of the Exchange Act:

Title of each class

Name of each exchange on which  
registered

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None.

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N/A

Securities registered under Section 12(g) of the Exchange Act:

None.

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(Title of class)

Check whether the issuer is not required to file reports pursuant to  
Section 13 or 15(d) of the Exchange Act

(\*)

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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  No  (\*)

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B 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. [X] (\*\*)

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

State issuer's revenues for its most recent fiscal year. \$2,122,349

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. \$7,768,164 as of September 7, 2006

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. 54,173,745 shares of common stock as of September 7, 2006

### 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 \*, 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"). The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1990). N/A

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

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(\*) We were not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act during the past 12 months because (i) our registered common stock was registered under the Securities Act during such period and was not registered under the Exchange Act, (ii) we did not have any registration statement that became effective during such period and (iii) we had less than 300 shareholders of record throughout such period. Although we were not required to do so, we voluntarily filed such reports with the Securities and Exchange Commission during such period. We are in the process of amending our registration statement on Form SB-2, for which an amendment most recently has been filed on or about the date of this Amendment No. 2. Once that registration statement is declared effective, we will be required to file annual, quarterly and periodic reports with the Securities and Exchange Commission during the fiscal year in which such registration statement is declared effective.

(\*\*) We did not have any equity securities registered pursuant to Section 12 of the Exchange Act during the fiscal year ended December 31, 2005. As such, our directors, officers and beneficial owners of more than 10 percent of any class of equity securities were not required to comply with Section 16(a) of the Exchange Act. Accordingly, disclosure of delinquent filers in response to Item 405 of Regulation S-B is inapplicable.

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## EXPLANATORY NOTE

We are filing this amended annual report on Form 10-KSB/A for the fiscal year ended December 31, 2005 to amend certain certifications included in Amendment No. 1 to our annual report on Form 10-KSB/A for the fiscal year ended December 31, 2005. We have also amended the cover page in order to correct and clarify certain disclosures contained therein.

The following Items of this annual report on Form 10-KSB/A for the fiscal year ended December 31, 2005 are amended and restated herein:

### Cover Page:

- o Disclosure relating to the requirement to file annual, quarterly and periodic reports with the Securities and Exchange Commission during the fiscal year in which our registration statement on Form SB-2 is declared effective.

### Exhibits:

- o Exhibits 31.1 and 31.2--amended and restated certifications from our President and Chief Executive Officer and Treasurer and Vice President of Finance and Administration, as required by Section 302 of the Sarbanes-Oxley Act of 2002.

The remaining Items are unaffected by the aforementioned restatements, have not been updated from the disclosure originally contained in our annual report on Form 10-KSB for the fiscal year ended December 31, 2005 filed with the Securities and Exchange Commission on March 24, 2006 and are not reproduced in this Form 10-KSB/A. This amended annual report on Form 10-KSB/A for the fiscal year ended December 31, 2005 does not reflect events occurring after the filing of the annual report on Form 10-KSB filed with the Commission on March 24, 2006, nor does it modify or update the disclosures contained in the annual report on Form 10-KSB filed with the Commission on March 24, 2006, other than as described above.

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## EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
3.1	Articles of Incorporation of Electronic Sensor Technology, as amended (incorporated by reference from Exhibit 3.1 of the registration statement on Form SB-2 filed on January 6, 2006).
4.1	Description of our common stock in Article Fourth of the Amendment to Electronic Sensor Technology's Articles of Incorporation dated January 25, 2005 (incorporated by reference from Exhibit 3.1 hereto).
4.2	Description of rights of shareholders of Electronic Sensor Technology in Article I and Article IX of Electronic Sensor Technology's Amended and Restated Bylaws (incorporated by reference from Exhibit 3.1 of the quarterly report on Form 10-QSB filed on August 16, 2006).
10.1	Term Sheet dated December 2, 2004 between Bluestone Ventures Inc. and Electronic Sensor Technology, L.P. (incorporated by reference from Exhibit 10.1 of the current report on Form 8-K filed on January 10, 2005).

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- 10.2 Agreement and Plan of Merger dated as of January 31, 2005, by and among Bluestone Ventures Inc., Amerasia Technology, Inc., L&G Sensor Technology, Inc., Amerasia Acquisition Corp. and L&G Acquisition Corp. (incorporated by reference from Exhibit 10.1 of the current report on Form 8-K filed on February 7, 2005).
- 10.3 Form of Subscription Agreement between Bluestone Ventures Inc. and each investor on the signature page thereto (incorporated by reference from Exhibit 10.2 of the current report on Form 8-K filed on February 7, 2005).
- 10.4 Electronic Sensor Technology, Inc. 2005 Stock Incentive Plan (incorporated by reference from Exhibit 10.1 of the annual report on Form 10-KSB filed on April 15, 2005).
- 10.5 Form of Stock Option Agreement (incorporated by reference from Exhibit 10.2 of the annual report on Form 10-KSB filed on April 15, 2005).
- 10.6 Business Loan Agreement dated March 11, 2005, between Electronic Sensor Technology, Inc. and East West Bank (incorporated by reference from Exhibit 10.4 of the annual report on Form 10-KSB filed on April 15, 2005).
- 10.7 Commercial Security Agreement dated March 11, 2005, between Electronic Sensor Technology, Inc. and East West Bank (incorporated by reference from Exhibit 10.5 of the annual report on Form 10-KSB filed on April 15, 2005).
- 10.8 Letter agreement dated as of May 16, 2005, by and between Electronic Sensor Technology, Inc. and Matthew Collier (incorporated by reference from Exhibit 10.1 of the current report on Form 8-K/A filed on October 6, 2005).
- 10.9 Letter agreement dated as of October 3, 2005, between Electronic Sensor Technology, Inc. and James Frey (incorporated by reference from Exhibit 10.1 of the current report on Form 8-K filed on October 7, 2005).
- 10.10 Letter agreement dated as of February 21, 2005, between Electronic Sensor Technology, Inc. and James Frey (incorporated by reference from Exhibit 10.2 of the current report on Form 8-K filed on October 7, 2005).
- 10.11 Addendum dated as of April 1, 2005 to the letter agreement dated February 21, 2005, between Electronic Sensor Technology, Inc. and James Frey (incorporated by reference from Exhibit 10.3 of the current report on Form 8-K filed on October 7, 2005).
- 10.12 International Distributorship Agreement dated August 2005, between Electronic Sensor Technology, Inc. and Beijing R&D Technology Co., Ltd. (incorporated by reference from Exhibit 10.12 of the amended registration statement on Form SB-2/A filed on February 15, 2006).
- 10.13 International Distributorship Agreement dated October 21, 2005, between Electronic Sensor Technology, Inc. and TechMondial, Ltd. (incorporated by reference from Exhibit 10.13 of the amended registration statement on Form SB-2/A filed on February 15, 2006).

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- 10.14 Form of Securities Purchase Agreement dated as of December 7, 2005, among Electronic Sensor Technology, Inc., Midsummer Investment, Ltd. and Islandia, L.P. (incorporated by reference from Exhibit 10.1 of the current report on Form 8-K filed on December 8, 2005).
- 10.15 Form of Registration Rights Agreement dated as of December 7, 2005, among Electronic Sensor Technology, Inc., Midsummer Investment, Ltd. and Islandia, L.P. (incorporated by reference from Exhibit 10.2 of the current report on Form 8-K filed on December 8, 2005).
- 10.16 Settlement Agreement, Mutual Release and Amendment of Option Agreement, effective as of January 25, 2006, between Electronic Sensor Technology, Inc. and Matthew S. Collier (incorporated by reference from Exhibit 10.1 of the current report on Form 8-K filed on January 31, 2006).
- 10.17 Forbearance and Amendment Agreement dated as of September 7, 2006, among Electronic Sensor Technology, Inc., Midsummer Investment, Ltd. and Islandia L.P. (incorporated by reference from Exhibit 10.1 of the current report on Form 8-K filed on September 8, 2006).
- 14.1 Code of Ethics (incorporated by reference from Exhibit 14 of the annual report on Form 10-KSB for the fiscal year ended December 31, 2004 filed on April 15, 2005).
- 21.1 Subsidiaries of Electronic Sensor Technology (incorporated by reference from Exhibit 21.1 of the registration statement on Form SB-2 filed on January 6, 2006).
- 24.1 Power of Attorney. (\*)
- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.
- 31.2 Certification of Principal Financial and Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.
- 32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act. (\*)
- 32.2 Certification of Principal Financial and Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley. (\*)

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(\*) Previously filed.

### SIGNATURES

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

ELECTRONIC SENSOR TECHNOLOGY, INC.

Date: October 19, 2006

By: /s/ Teong C. Lim

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Teong C. Lim  
President and Chief Executive Officer  
(Principal Executive Officer)

In accordance with the Exchange Act, this report has been signed below by

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the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: October 19, 2006 By: /s/ Teong C. Lim  
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Teong C. Lim  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: October 19, 2006 By: /s/ Francis Chang  
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Francis Chang  
Secretary, Treasurer and  
Vice President of Finance and  
Administration  
(Principal Financial Officer and  
Principal Accounting Officer)

By: -----  
James Frey, Chairman

Date: October 19, 2006 By: \*  
-----  
Francis Chang, Director

Date: October 19, 2006 By: \*  
-----  
Teong C. Lim, Director

Date: October 19, 2006 By: \*  
-----  
Edward Staples, Director

Date: October 19, 2006 By: \*  
-----  
Mike Krishnan, Director

Date: October 19, 2006 By: \*  
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James Wilburn, Director

Date: October 19, 2006 By: /s/ Michel Amsalem  
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Michel Amsalem, Director

Date: October 19, 2006 By: /s/ Lewis Larson  
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Lewis Larson, Director

\*By: /s/ Francis Chang

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Francis Chang  
Attorney-in-Fact