

WESTSPHERE ASSET CORP INC
Form 10QSB
August 14, 2006

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2006

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commissions file number 0-32051

WESTSPHERE ASSET CORPORATION, INC.

(Exact name of small business issuer
as specified in its charter)

COLORADO
(State or other jurisdiction
of incorporation or organization)

98-0233968
(IRS Employer
Identification No.)

2140 Pegasus Way N.E.

Calgary, Alberta Canada T2E 8M5

Telephone (403) 290-0264
(Issuer's telephone number)

NOT APPLICABLE

(Former name, former address and former
fiscal year, if changed since last report)

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

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

551,702 shares of Common Stock, no par value, as of August 8, 2006.

1,285,958 shares of Preferred Stock, no par value, as of August 8, 2006.

Transitional Small Business Disclosure Format

(check one): Yes No

WESTSPHERE ASSET CORPORATION, INC.

INDEX TO THE FORM 10-QSB

For the quarterly period ended June 30, 2006

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PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

WESTSPHERE ASSET CORPORATION, INC.

Consolidated Balance Sheet

| ASSETS | June 30, | December 31, |
|---|-------------|--------------|
| | 2006 | 2005 |
| | (Unaudited) | (Note 1) |
| CURRENT ASSETS | | |
| Cash | \$ 557,717 | \$ 484,799 |
| Accounts receivable net of allowance for doubtful | | |
| accounts of \$76,783 | 271,491 | 289,320 |
| Accounts receivable related parties | 9,037 | 23,270 |

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| | | |
|---|--------------|--------------|
| Inventory | 334,808 | 314,718 |
| Prepaid expense and deposit | 22,841 | 50,973 |
| Current portion of mortgage receivable | 50,360 | 48,628 |
| Total current assets | 1,246,254 | 1,211,708 |
| Property and equipment, net of depreciation | 261,109 | 300,450 |
| Intangible assets | 305,853 | 295,639 |
| Mortgage receivable | 58,377 | 98,828 |
| Future tax benefits | 11,996 | 11,581 |
| Total assets | \$ 1,883,589 | \$ 1,918,206 |

LIABILITIES AND STOCKHOLDERS EQUITY

CURRENT LIABILITIES

| | | |
|---------------------------------------|------------|------------|
| Accounts payable and accrued expenses | \$ 906,285 | \$ 935,664 |
| Accounts payable, related parties | 153,245 | 132,773 |
| Total current liabilities | 1,059,530 | 1,068,437 |

| | | |
|------------------------------|-----------|-----------|
| Shareholder loans | 227,311 | 256,636 |
| Bank loan | 45,505 | 72,615 |
| Convertible debentures | 129,431 | 124,979 |
| Non-current lease obligation | | 4,351 |
| Total liabilities | 1,461,777 | 1,527,018 |

Minority interest in subsidiaries

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS EQUITY

Preferred stock authorized 75,000,000 shares, no par value,

1,285,958 shares issued and outstanding at

| | | |
|--|-----------|-----------|
| June 30, 2006 and 1,215,721 at December 31, 2005 | 1,182,897 | 1,182,897 |
|--|-----------|-----------|

Common stock - authorized 75,000,000 shares, no par value;

551,702 shares issued and outstanding at

| | | |
|--|---------|---------|
| June 30, 2006 and 621,939 at December 31, 2005 | 574,392 | 570,992 |
|--|---------|---------|

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| | | |
|---|--------------|--------------|
| Accumulated other comprehensive income | 128,193 | 126,836 |
| Accumulated deficit | (1,463,670) | (1,489,537) |
| Total stockholders equity | 421,812 | 391,188 |
| Total liabilities and stockholders equity | \$ 1,883,589 | \$ 1,918,206 |

WESTSPHERE ASSET CORPORATION, INC.

Consolidated Statements of Operations

For the Six Months Ended June 30,

(Unaudited)

| | 2006 | 2005 |
|---------------------------------|------------|------------|
| Revenue - | | |
| Equipment and supplies | \$ 332,017 | \$ 246,177 |
| Residual and interchange income | 2,061,272 | 1,658,467 |
| Other | 33,829 | 36,899 |
| Total revenue | 2,427,118 | 1,941,543 |
| Cost of sales - | | |
| Equipment and supplies | 289,723 | 222,667 |
| Residual and interchange costs | 1,263,380 | 966,788 |
| Commissions | 15,915 | 2,709 |
| Other | 63,991 | 76,045 |
| Total cost of sales | 1,633,009 | 1,268,209 |
| Gross profit | 794,109 | 673,334 |
| Administrative expenses - | | |
| Depreciation and amortization | 57,865 | 47,471 |

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| | | |
|---|-----------|--------------|
| Consulting fees | 82,104 | 80,030 |
| Legal and accounting fees | 20,962 | 43,001 |
| Salaries and benefits | 368,906 | 301,837 |
| Travel, delivery and vehicle expenses | 57,340 | 71,302 |
| Other | 192,529 | 293,754 |
| Total administrative expenses | 779,706 | 837,395 |
| | | |
| Income (loss) from operations | 14,403 | (164,061) |
| | | |
| Other income & expense - | | |
| Interest income | 34,974 | 5,467 |
| Interest expense | (23,511) | (21,624) |
| Gain on asset sales | | 67,942 |
| Minority interest | | 1,313 |
| | | |
| Net income (loss) before income taxes | 25,866 | (110,963) |
| | | |
| Provision for income taxes | | |
| | | |
| Net income (loss) | \$ 25,866 | \$ (110,963) |
| | | |
| Net (loss) per common share | \$.05 | \$ (.06) |
| | | |
| Weighted number of shares outstanding | 551,702 | 1,756,183 |
| | | |
| Other comprehensive income: | | |
| Net income (loss) | \$ 25,866 | \$ (110,963) |
| Foreign currency translation adjustment | 1,357 | (7,580) |
| Total comprehensive income | \$ 27,223 | \$ (118,543) |

WESTSPHERE ASSET CORPORATION, INC.

Consolidated Statements of Operations

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For the three Months Ended June 30,

(Unaudited)

| | 2006 | 2005 |
|---------------------------------------|-----------|------------|
| Revenue - | | |
| Equipment and supplies | \$ 99,309 | \$ 149,206 |
| Residual and interchange income | 1,030,362 | 866,680 |
| Other | 19,868 | 19,245 |
| Total revenue | 1,149,539 | 1,035,131 |
| Cost of sales - | | |
| Equipment and supplies | 79,482 | 121,805 |
| Residual and interchange costs | 631,163 | 511,073 |
| Commissions | 619 | 1,262 |
| Other | 35,110 | 46,404 |
| Total cost of sales | 746,374 | 680,544 |
| Gross profit | 403,165 | 354,587 |
| Administrative expenses - | | |
| Depreciation and amortization | 20,686 | 23,881 |
| Consulting fees | 40,033 | 43,844 |
| Legal and accounting fees | 14,740 | 29,381 |
| Salaries and benefits | 187,935 | 157,372 |
| Travel, delivery and vehicle expenses | 33,367 | 38,683 |
| Other | 103,056 | 169,454 |
| Total administrative expenses | 399,817 | 462,615 |
| Income (loss) from operations | 3,348 | (108,028) |
| Other income & expense - | | |
| Interest income | 16,275 | 2,589 |
| Interest expense | (12,044) | (9,902) |
| Gain on asset sales | | 69,845 |
| Minority interest | | (74) |
| Net income (loss) before income taxes | 7,579 | (45,570) |
| Provision for income taxes | | |

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| | | |
|---|-----------|-------------|
| Net income (loss) | \$ 7,579 | \$ (45,570) |
| Net (loss) per common share | \$.01 | \$ (.03) |
| Weighted number of shares outstanding | 551,702 | 1,768,683 |
| Other comprehensive income: | | |
| Net income (loss) | \$ 7,579 | \$ (45,570) |
| Foreign currency translation adjustment | 2,489 | (2,382) |
| Total comprehensive income | \$ 10,068 | \$ (47,952) |

WESTSPHERE ASSET CORPORATION, INC.

Consolidated Statement of Cash Flows

For the Six Months Ended June 30,

(Unaudited)

| | 2006 | 2005 |
|--|-----------|--------------|
| Cash flows from operating activities: | | |
| Net (loss) from operations | \$ 25,866 | \$ (110,962) |
| Reconciling adjustments - | | |
| Common shares issued for expenses | | |
| Depreciation and amortization | 51,812 | 46,119 |
| Gain on sale of assets | | (69,845) |
| Other non-cash transactions | 3,548 | 3,205 |
| Minority interest | | (9,760) |
| Changes in operating assets and liabilities | | |
| Accounts receivable | 43,059 | (25,405) |
| Inventory | (8,851) | (92,371) |
| Prepaid expenses and other | 29,853 | (37,471) |
| Accounts payable and accrued liabilities | (46,817) | 349,858 |
| Net cash provided by (used for) operations | 98,470 | 53,368 |
| Cash flows from investing activities: | | |
| Purchase of equipment | (22,213) | (22,811) |
| Disposal of equipment | 20,602 | 6,173 |
| Collection on loans receivable | 43,831 | 37,941 |
| Other investments | | |
| Net cash provided by (used for) investing activities | 42,220 | 21,303 |
| Cash flows from financing activities: | | |
| Issuance of debt | | |
| Repayment of debt | (72,438) | (54,849) |
| Exercise of options | | 42,196 |
| Net cash provided by financing activities | (72,438) | 12,653 |
| Foreign currency translation adjustment | 4,666 | (21,945) |

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| | | |
|--|------------|------------|
| Net change in cash and cash equivalents | 72,918 | 40,073 |
| Cash and cash equivalents at beginning of period | 484,799 | 184,944 |
| Cash and cash equivalents at end of period | \$ 557,717 | \$ 225,017 |

Supplemental schedule of cash flow information

| | | |
|---------------------------|----------|----------|
| Interest paid in cash | \$ 5,425 | \$ 6,128 |
| Income taxes paid in cash | \$ | \$ |

Non-cash investing and financing activities:

Stock issued for minority interest in subsidiary

Stock issued to satisfy debt

WESTSPHERE ASSET CORPORATION, INC.

Notes to Financial Statements

June 30, 2006 and 2005

(Unaudited)

Note 1 Financial Statements

The accompanying consolidated financial statements included herein have been prepared by Westsphere Asset Corporation, Inc. (the Company) without audit, pursuant to the rules and regulations of the Securities and Exchange Commission for reporting on Form 10-QSB. Certain information and footnote disclosure normally included in the

financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted as allowed by such rules and regulations, and Westsphere Asset Corporation, Inc. believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the December 31, 2005 audited financial statements and the accompanying notes thereto contained in the Annual Report on Form 10-KSB filed with the Securities and Exchange Commission. While management believes the procedures followed in preparing these financial statements are reasonable, the accuracy of the amounts are in some respects dependent upon the facts that will exist, and procedures that will be accomplished by Westsphere Asset Corporation, Inc. later in the year. The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year. In management's opinion all adjustments necessary for a fair presentation of the Company's financial statements are reflected in the interim periods included.

Note 2 Common Stock

During the three months ended March 31, 2006, the Company finalized its conversion as per the shareholder's resolution, approved at the Annual Meeting of Shareholders held on December 7, 2002 and has a total of 1,285,958 preferred shares and 551,702 common shares issued and outstanding.

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

Current Corporate Structure June 30, 2006

WESTSPHERE ASSET CORPORATION, INC.

Subsidiaries CDN

Subsidiaries CDN

Vencash Capital Corporation

100%

Active

Westsphere Systems Inc.

100%

Active

E Debit International Inc.

100%

Inactive

Vencash POS Services Inc.

(Formerly Westsphere POS Services Ltd.)

100%

Active

Kan-Can Resorts Ltd.

99%

Active

Westsphere Capital Group Ltd.

100%

Active

Subsidiaries US

Trac POS Processing Inc.

56%

Active

Cash Direct Financial Services Ltd.

100%

Active

105725 Alberta Ltd.

o/a Personal Financial Solutions

51% owned by Cash Direct Financial

Services Ltd .

Inactive

Vencash Financial

Systems Inc. (US)

100%

Inactive

Active = with business activity

Inactive = no business activity

Plan of Operations

During the three (3) month period of operations ending June 30, 2006, Westsphere and its subsidiaries generated a net income from operations of \$7,579, while a net loss from operations of \$45,570 was realized for the same period from the previous year. The increase in net income of \$53,149 over the same period from the previous year was primarily due to the increase in residual and interchange income net of \$43,592 and a decrease in other expenses of \$66,398. The increase in residual and interchange income was due to increases in placements of ATM machines and POS machines. The decrease in other expenses was due to the writing off of an uncollectible loan receivable from the previous year.

Westsphere's gross margin during the second quarter of year 2006 remains the same at 35% from gross margin during the same period from the previous year. This was caused by an increase in net of residual and interchange income of \$43,592 and partially offset against a decreased in sales of ATMs. However, the gross margin for the residual and interchange decreased to 39% from gross margin during the same period from the previous year of 41%. The decrease in gross margin was primarily due to a reduction in profit for the new placement program.

Westsphere's total administrative expenses for the second quarter of year 2006 decreased by \$62,798 to \$399,817 from the previous year's amount of \$462,615. Most of the decrease was caused by a decrease in other expense from previous year 2005 of \$169,454 to \$103,056 during the second quarter of year 2006. The decrease was primarily due to the writing off of uncollectible loan receivables from the previous year 2005. This decrease is partially offset against an increase in salaries and benefits from previous year 2005 of \$157,372 to \$187,935 during the second quarter of year 2006. The increase was primarily due to salary and benefits adjustments, hiring two additional staff for the IT department, two staff for the Service department, one receptionist and one junior accountant from the previous year.

Westsphere and its subsidiaries currently generate sufficient cash flow to cover all of their consolidated operating expenses.

In order to grow Westsphere's businesses in ATM machines, in Finance/Lease and in POS machines, Westsphere is dependent upon private placements, loans and/or joint venture arrangements. The profits are expected to be generated by the interchange and surcharges collected from ATM and POS machines, the sale of ATM and POS machines, and from Financing and leasing charges.

To this date 950 ATM and 515 POS sites are being processed between two switches.

Changes in Financial Position

During the six (6) month period ending June 30, 2006, total assets decreased to \$1,883,589 primarily due to a decrease in accounts receivable and accounts receivable related parties, a decrease in prepaid expenses and deposits, a collection of mortgage receivables, and amortization of property and equipment.

The decrease is partially offset against an increase in cash. The increase in cash is mainly due to a collection of funds from the sales-type lease agreements in the latter part of year 2005 in the amount of \$209,019.

Westsphere's current liabilities consist of accounts payable of \$906,285 and accounts payable to related parties of \$153,245. Accounts payable includes payables of \$158,512 to suppliers for the purchase of ATM machines and POS machines, \$198,225 is payable for the return of surcharge and interchange, accounting and legal payables in the amount of \$34,979, long term lease payable to ATM suppliers in the amount of \$435,221, and \$79,348 due for consulting services, office expenses and various other general fees and charges.

Accounts payable to related parties consists of Officers' and Directors' bonuses payable carried forward from year 2002 in the amount of \$68,010, a loan advanced from Westsphere's President in the amount of \$40,616, a loan advanced from employee of Westsphere's subsidiary Vencash Capital Corporation in the amount of \$35,869 and a cash advance from KSD Group Ltd. of \$8,750, which is controlled by Westsphere officers.

Long term liabilities as at June 30, 2006 consisted of a bank loan totaling \$45,505 for funds to pay down accounts payable to a major supplier, convertible debentures totaling \$129,431 for funds advanced for general working capital by various related and unrelated parties, and \$227,311 for outstanding accounts due to shareholders of Westsphere. Westsphere's shareholder loans related to TRAC of \$132,147 and a Vencash related loan of \$3,674 have interest rates of 18% and 12%, respectively. They both are demand loans. The remaining balance of shareholder loans total \$91,490 with no specific terms of repayment.

Shareholders' equity as of June 30, 2006 was \$421,812, inclusive of an accumulated loss from operations of \$1,463,670, as compared to shareholders equity of \$391,188 as of the same date from the previous year. Total issued and outstanding share capital as of the year ending June 30, 2006 was 551,702 common shares and 1,285,958 preferred shares as compared to a total of 621,939 common shares and 1,215,721 preferred shares as of December 31, 2005. The conversion from common to preferred shares during the year is a result of the shareholder's resolution, approved at the Annual Meeting of Shareholders held on December 7, 2002.

Liquidity and Capital Resources

Summary of Working Capital and Stockholders' Equity

As of June 30, 2006, the Company had working capital of \$186,724 and Stockholders' Equity of \$421,812 compared with working capital of \$143,271 and Stockholders' Equity of \$391,188 as of December 31, 2005. The Company's working capital has increased principally as a result of an increase in cash of \$72,918. The increase is partially offset against a decrease in prepaid expense and deposit. Stockholders' Equity increased as a result of the decreased in accumulated deficit of \$25,867. There is no change in operations during the second quarter of year 2006.

Financing activities during the six month period resulted in the use of net cash of negative \$72,438, which was caused by the repayment of \$72,438 in debt. The Company's consolidated operations provided \$98,470 in net cash, compared to the use of net cash in the amount of \$53,368 during the same period from the previous year. This increase in cash flow from operations was the result of an increase in accounts receivable of \$43,059, an increase in prepaid expenses and other of \$29,853, and partially offset against a decrease in accounts payable of \$46,817.

Liquidity

On a short term basis, Westsphere anticipates that its subsidiary Vencash Capital will generate sufficient revenues to meet overhead needs. The Company, as of August 10, 2006, has \$423,486 in cash; \$214,114 in vault cash reserved for ATMs, and will not have to raise additional funds to meet its operational needs for the next twelve months. In order to meet its growth plan, Westsphere will continue to be dependent on equity funds raised, joint venture arrangements and/or loan proceeds. Westsphere believes that it will continue as a going concern with the present

revenues from its subsidiary Vencash Capital Corporation, but it will be unable to meet its market growth projections without further funding outside of the ongoing revenue from operations of Vencash.

As mentioned above, Westsphere believes that its subsidiary, Vencash Capital, generates sufficient ongoing revenues to ensure that Westsphere is a going concern. It is anticipated that operations will have substantial increases in net cash flow at the fiscal year end December 31, 2006. In addition, Westsphere believes that further substantial cost savings will occur with the new program system implemented to improve the effectiveness and efficiency of the operations. Westsphere will remain reliant on the successful development and marketing of the products related to its business for possibility of future income.

Capital Resources

The primary capital resource of Westsphere is the operations of Vencash Capital, its wholly owned subsidiary.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

ITEM 3. CONTROLS AND PROCEDURES

The Company's Chief Executive Officer, Mr. Douglas Mac Donald, and its Chief Financial Officer, Mr. Kim Law, have implemented the Company's disclosure controls and procedures to ensure that material information relating to the Company is made known to Mr. Mac Donald and Mr. Law. These executive officers have evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2006 (the Evaluation Date).

Based on such evaluation, Messrs. Mac Donald and Law have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to the Company that is required to be included in our reports filed or submitted under the Securities Exchange Act of 1934. Moreover, there were no significant changes in internal controls or in other factors that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no changes since the filing of the 10K on December 31, 2005.

ITEM 2. CHANGES IN SECURITIES

As of March 15, 2006, the Company finalized its conversion from common to preferred shares during the year as a result of the shareholder's resolution approved at the Annual Meeting of Shareholders held on December 7, 2002, and has a total of 1,285,958 preferred shares and 551,702 common shares issued and outstanding.

Each of the foregoing issuances of securities was exempt from registration due to the exemption found in Regulation S promulgated by the Securities and Exchange Commission under the Securities Act of 1933. These sales were offshore transactions since all of the offerees were not in the United States and the purchasers were outside the United States at the time of the purchase. Moreover, there were no directed selling efforts of any kind made in the United States; neither by us nor by any affiliate or any person acting on our behalf in connection with any of these offerings. All offering materials and documents used in connection with the offers and sales of the securities included statements to the effect that the securities have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States or to U.S. persons unless the securities are registered under the Act or an exemption therefrom is available and that no hedging transactions involving those securities may be conducted unless in compliance with the Act. Each purchaser under Regulation S certified that they were not a U.S. person, and were not acquiring the securities for the account or benefit of any U.S. person, and agreed to resell such securities only in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to an available exemption from registration. The shares sold are restricted securities and the certificates representing these shares have been affixed with a standard restrictive legend, which states that the securities cannot be sold without registration under the Securities Act of 1933, or an exemption therefrom and we are required to refuse to register any transfer that does not comply with such requirements.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See Exhibit Index below.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WESTSPHERE ASSET CORPORATION, INC.

By: /s/ Douglas MacDonald

Name: Douglas MacDonald

Title:

President

Date:

August 11, 2006

By: /s/ Kim Law

Name: Kim Law

Title:

Principal Financial Officer and Accounting Officer

Date:

August 11, 2006

| Exhibit Number | Description | Reference |
|----------------|---|---|
| 3.1(i) | Articles of Incorporation filed and all amendments thereto filed with the Secretary of the State of Colorado July 21, 1998 | Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000 |
| 3(i)(a) | By-Laws of Westsphere Asset Corporation, Inc. | Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000 |
| 3(i)(b) | By-Laws of Vencash Capital Corporation | Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000 |
| 4 | Specimen Stock Certificate | Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000 |
| 10.1 | Agreement dated December, 1998 by and between Westsphere Asset Corporation, Inc. and 3 Ocean Investment Corporation | Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000 |
| 10.2 | Share Exchange Agreement dated December 7, 1998 by and between Westsphere Asset Corporation, Inc. MacDonald Venture Corporation, Mr. Joseph Bowser and Mr. Robert L. Robins | Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000 |
| 10.3 | Sample Conversion Agreement by and among Westsphere Asset Corporation, Inc. and various shareholders of Vencash Capital Corporation | Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000 |
| 10.4 | ABS Processing Agreement dated October 28, 1998 by and between Vencash Capital Corporation and TNS Smart Network Inc. | Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000 |
| 10.5 | Agreement dated June 24, 1999 by and between Vencash Capital Corporation and TCS (Canada) Limited | Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000 |
| 10.6 | Sample Convertible Debenture issued by Westsphere Asset Corporation, Inc. in | Incorporated by reference to the Exhibits filed with the Registrant's Annual Report |

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| | | |
|------|--|---|
| | connection with the offering of \$105,600 convertible debentures | on Form 10-KSB for the period ended December 31, 2000 |
| 10.7 | Sample Loan Agreement and Promissory Note between Westsphere Asset Corporation, Inc. and various investors | Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000 |
| 10.8 | Loan Agreement between Westsphere Asset Corporation, Inc. and the Canadian Western Bank | Incorporated by reference to the Exhibits filed with the Registrant's quarterly Report on Form 10-QSB for the period ended June 30, 2003 |

| | | |
|-----------|---|--|
| 10.9 | Agreement dated April 1, 2003 between Douglas MacDonald and Westsphere Asset Corporation | Incorporated by reference to the Exhibits filed with the Registrant's quarterly report on Form 10-QSB for the period ended September 30, 2003. |
| 10.10 | Agreement dated April 1, 2003 between Vencash Capital Corporation, Douglas MacDonald and MacDonald & Associates Gaming Specialists Inc. | Incorporated by reference to the Exhibits filed with the Registrant's quarterly report on Form 10-QSB for the period ended September 30, 2003. |
| 10.11 | Agreement dated April 1, 2003 between Westsphere Financial Group Ltd., Douglas MacDonald and MacDonald & Associates Gaming Specialists Inc. | Incorporated by reference to the Exhibits filed with the Registrant's quarterly report on Form 10-QSB for the period ended September 30, 2003. |
| 31.1 | Rule 12aq-14(a)/15D-14(a) Certification of the Chief Executive Officer | Filed herewith |
| 31.2 | Rule 12aq-14(a)/15D-14(a) Certification of the Chief Financial Officer | Filed herewith |
| 32.1 | Certification Chief Executive Officer pursuant to 18USC Section 1350, as adapted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Filed herewith |
| 32.2 | Certification Chief Financial Officer pursuant to 18USC Section 1350, as adapted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Filed herewith |
| 3.1(i)(c) | Amendment to the Articles of Incorporation filed with the Secretary of the State of Colorado March 29, 2005 | Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2004 |
| 31.1 | Rule 12aq-14(a)/15D-14(a) Certification of the Chief Executive Officer | Filed herewith |
| 31.2 | Rule 12aq-14(a)/15D-14(a) Certification of the Chief Financial Officer | Filed herewith |
| 32.1 | Certification Chief Executive Officer pursuant to 18USC Section 1350, as adapted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Filed herewith |
| 32.2 | Certification Chief Financial Officer pursuant to 18USC Section 1350, as | Filed herewith |

adapted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002

Endnotes