

WESTSPHERE ASSET CORP INC
Form 10QSB
August 15, 2005

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, 2005

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.)

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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:

1,768,685 shares of Common Stock, no par value, as of July 26, 2005.

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, 2005

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WESTSPHERE ASSET CORPORATION, INC.

Consolidated Balance Sheet

| ASSETS | June 30, 2005 (Unaudited) | December 31, 2004 (Note 1) |
|-------------------------------------|---------------------------------|-------------------------------------|
| Current Assets: | | |
| Cash | \$ 225,017 | \$ 184,944 |
| Accounts receivable, net | 173,351 | 174,759 |
| Accounts receivable related parties | 8,119 | 4,660 |
| Inventory | 225,546 | 134,629 |
| Prepaid expense and deposit | 92,681 | 55,823 |
| | 45,909 | 46,819 |

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| | | |
|--|--------------|--------------|
| Current portion of mortgage receivable | | |
| Total current assets | 770,623 | 601,634 |
| Property and equipment, net | 317,394 | 349,059 |
| Intellectual property | 279,688 | 285,631 |
| Mortgage receivable | 132,545 | 174,355 |
| Future tax benefits | 7,624 | 44,648 |
| Total assets | \$ 1,507,874 | \$ 1,455,327 |

*LIABILITIES AND
STOCKHOLDERS EQUITY*

CURRENT LIABILITIES

| | | |
|-----------------------------------|------------|------------|
| Accounts payable | \$ 750,103 | \$ 430,433 |
| Accounts payable, related parties | 90,786 | 102,195 |
| Total current liabilities | 840,889 | 532,628 |
| Shareholder loans | 232,421 | 374,243 |
| Bank loan | 95,055 | 123,252 |
| Convertible debentures | 117,991 | 120,332 |
| Non-current lease obligation | 4,781 | 7,889 |
| Total liabilities | 1,291,137 | 1,158,344 |
| Minority interest in subsidiaries | (7,401) | 2,531 |

COMMITMENTS AND
CONTINGENCIES

STOCKHOLDERS EQUITY

| | | |
|--|-------------|-------------|
| Common stock - authorized 75,000,000 shares, no par value; 1,768,683 shares issued and outstanding at | | |
| June 30, 2005 and 1,731,183 at December 31, 2004 | 1,733,291 | 1,685,063 |
| Accumulated other comprehensive income | (114,791) | 122,371 |
| Accumulated deficit | (1,623,944) | (1,512,982) |
| Total stockholders equity | 224,138 | 294,452 |

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| | | | |
|---|----|-----------|-------------|
| Total liabilities and stockholders equity | \$ | 1,507,874 | 1,455,327 |
| | | 2005 | 2004 |
| Revenue - | | | |
| Equipment and supplies | \$ | 246,177 | \$ 176,617 |
| Residual and interchange income | | 1,658,467 | 1,161,992 |
| Other | | 36,899 | 40,525 |
| Total revenue | | 1,941,543 | 1,379,134 |
| Cost of sales - | | | |
| Equipment and supplies | | 222,667 | 152,287 |
| Residual and interchange costs | | 966,788 | 629,577 |
| Commissions | | 2,709 | 6,418 |
| Other | | 76,045 | 7,210 |
| Total cost of sales | | 1,268,209 | 795,492 |
| Gross profit | | 673,334 | 583,642 |
| Administrative expenses - | | | |
| Depreciation and amortization | | 47,471 | 47,300 |
| Consulting fees | | 80,030 | 50,687 |
| Legal and accounting fees | | 43,001 | 34,564 |
| Salaries and benefits | | 301,837 | 274,486 |
| Travel, delivery and vehicle expenses | | 71,302 | 45,583 |
| Other | | 293,754 | 195,243 |
| Total administrative expenses | | 837,395 | 647,243 |
| Income (loss) from operations | | (164,061) | (64,221) |
| Other income & expense - | | | |
| Interest income | | 5,467 | 8,348 |
| Interest expense | | (21,624) | (31,776) |
| Gain on asset sales | | 67,942 | |
| Minority interest | | 1,313 | 7,701 |
| Net income (loss) before income taxes | | (110,963) | (79,948) |
| Provision for income taxes | | | |
| Net income (loss) | \$ | (110,963) | \$ (79,948) |

| | | | | |
|---------------------------------------|----|-----------|----|-----------|
| Net (loss) per common share | \$ | (.08) | \$ | (.05) |
| Weighted number of shares outstanding | | 1,756,183 | | 1,487,297 |

Other comprehensive income:

| | | | | |
|---|----|-----------|----|----------|
| Net income (loss) | \$ | (110,963) | \$ | (79,948) |
| Foreign currency translation adjustment | | (7,580) | | (18,144) |
| Total comprehensive income | \$ | (118,543) | \$ | (98,092) |

WESTSPHERE ASSET CORPORATION, INC.

Consolidated Statements of Operations

For the Six Months Ended June 30,

(Unaudited)

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| | 2005 | 2004 |
|---------------------------------------|-------------|-------------|
| Revenue - | | |
| Equipment and supplies | \$ 149,206 | \$ 91,926 |
| Residual and interchange income | 866,680 | 606,896 |
| Other | 19,245 | 19,555 |
| Total revenue | 1,035,131 | 718,377 |
| Cost of sales - | | |
| Equipment and supplies | 121,805 | 74,495 |
| Residual and interchange costs | 511,073 | 335,763 |
| Commissions | 1,262 | 3,042 |
| Other | 46,404 | 3,268 |
| Total cost of sales | 680,544 | 416,568 |
| Gross profit | 354,587 | 301,809 |
| Administrative expenses - | | |
| Depreciation and amortization | 23,881 | 24,913 |
| Consulting fees | 43,844 | 25,752 |
| Legal and accounting fees | 29,381 | 27,876 |
| Salaries and benefits | 157,372 | 115,314 |
| Travel, delivery and vehicle expenses | 38,683 | 26,448 |
| Other | 169,454 | 88,829 |
| Total administrative expenses | 462,615 | 309,132 |
| Income (loss) from operations | (108,028) | (7,323) |
| Other income & expense - | | |
| Interest income | 2,589 | 4,006 |
| Interest expense | (9,902) | (13,430) |
| Gain on asset sales | 69,845 | |
| Minority interest | (74) | |
| Net income (loss) before income taxes | (45,570) | (16,747) |
| Provision for income taxes | | |
| Net income (loss) | \$ (45,570) | \$ (16,747) |

| | | | | |
|---|----|-----------|----|-----------|
| Net (loss) per common share | \$ | (.03) | \$ | (.01) |
| Weighted number of shares outstanding | | 1,768,683 | | 1,491,830 |
| Other comprehensive income: | | | | |
| Net income (loss) | \$ | (45,570) | \$ | (16,747) |
| Foreign currency translation adjustment | | (2,382) | | (10,291) |
| Total comprehensive income | \$ | (47,952) | \$ | (27,038) |

WESTSPHERE ASSET CORPORATION, INC.

Consolidated Statements of Operations

For the Three Month ended June 30,

(Unaudited)

WESTSPHERE ASSET CORPORATION, INC.

Consolidated Statement of Cash Flows

For the Six Months Ended June 30,

(Unaudited)

| | 2005 | 2004 |
|---|--------------|-------------|
| Cash flows from operating activities: | | |
| Net (loss) from operations | \$ (110,962) | \$ (79,948) |
| Reconciling adjustments - | | |
| Common shares issued for expenses | | 7,313 |
| Depreciation and amortization | 46,119 | 47,300 |
| Gain on sale of assets | (69,845) | |
| Other non-cash transactions | 3,205 | (3,824) |
| Minority interest | (9,760) | |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (25,405) | 78,752 |

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| | | |
|--|------------|------------|
| Inventory | (92,371) | 7,612 |
| Prepaid expenses and other | (37,471) | (38,406) |
| Accounts payable and accrued liabilities | 349,858 | 41,945 |
| Net cash provided by (used for) operations | 53,368 | 60,744 |
| Cash flows from investing activities: | | |
| Purchase of equipment | (22,811) | (104,129) |
| Disposal of equipment | 6,173 | 59,029 |
| Collection on loans receivable | 37,941 | 33,631 |
| Other investments | | 5,803 |
| Net cash provided by (used for) investing activities | 21,303 | (5,666) |
| Cash flows from financing activities: | | |
| Issuance of debt | | 20,602 |
| Repayment of debt | (54,849) | (34,980) |
| Exercise of options | 42,196 | |
| Net cash provided by financing activities | 12,653 | (14,378) |
| Foreign currency translation adjustment | (21,945) | 3,211 |
| Net change in cash and cash equivalents | 40,073 | 43,911 |
| Cash and cash equivalents at beginning of period | 184,944 | 91,398 |
| Cash and cash equivalents at end of period | \$ 225,017 | \$ 135,309 |

Supplemental schedule of cash flow information

| | | |
|---------------------------|----------|----------|
| Interest paid in cash | \$ 6,128 | \$ 2,448 |
| Income taxes paid in cash | \$ | \$ |

Non-cash investing and financing activities:

| | | |
|--|--|--------|
| Stock issued for minority interest in subsidiary | | 1,333 |
| Stock issued to satisfy debt | | 48,059 |

WESTSPHERE ASSET CORPORATION, INC.

Notes to Financial Statements

June 30, 2005 and 2004

(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, 2004 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 Six months ended June 30, 2005, the company received \$45,000 for the exercise of options to purchase 37,500 shares of common stock.

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

Current Corporate Structure June 30, 2005

WESTSPHERE ASSET CORPORATION, INC.

Subsidiaries CDN

Subsidiaries CDN

Vencash Capital Corporation

100%
Active

Westsphere Systems Inc.
100%
Active

E Debit International Inc.
100%
Inactive

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 .

Vencash Financial
Systems Inc. (US)
100%
Inactive

Active

Westsphere POS Services Ltd

100%

Active

Kan-Can Resorts Ltd.

99%

Active

Westsphere Capital Group Ltd.

100%

Active

Active = with business activity

Inactive = no business activity

Plan of Operations

During the three (3) month period of operations ended June 30, 2005, Westsphere and its subsidiaries generated a net loss from operations of \$45,570, while a net loss from operations of \$16,747 was realized for the same period from the previous year. The total revenue earned during the second quarter of year 2005 increased by \$316,754 to \$1,035,131 from total revenue earned during the same period from the previous year of \$718,377. This increase in revenue was primarily due to increase in residual and interchange income. The increase in residual and interchange income was due to increase in placement of ATMs.

Westsphere's gross margin during the second quarter of year 2005 decreased to 34.26% from gross margin during the same period from the previous year of 42.01%. Most of such decrease was caused by a decrease in gross margin of residual and interchange income which was primarily due to a reduction in profit for the new placement program.

Other cost of sales also increased from the period of year 2004 of \$3,268 to \$46,404 during the second quarter of year 2005, which was due to increase in costs for the new placement program such as freight, telephone line for ATM, and installation. Westsphere's total administrative expenses for the second quarter of year 2005 increased by \$153,483 to \$462,615 from the previous year of \$309,132. Most of such increase was caused by an increase in other expenses from the previous year 2004 of \$88,829 to \$169,454 which was primarily due to increase in office lease expense and insurance for ATM. Salaries and benefits also increased from the period of year 2004 of \$115,314 to \$157,372 during the second quarter of year 2005 which was primarily due to hiring two staffs for IT department, two staffs for Service department, one receptionist and one junior accountant. Travel, delivery and vehicle expenses also increased from the period of year 2004 of \$26,448 to \$38,683 during the second quarter of year 2005, which was due to increase in travel costs for the new placement program and other marketing program.

On April 1, 2005, Westsphere s concluded its sales of subsidiaries Westsphere Financial Group Ltd., Westsphere Development Corporation and Westsphere Entertainment Corporation to an arm length parties. Again on sale of assets was realized collectively total of \$69,845. The purpose is to remove no business activity company to reduce operating costs and audit fee.

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

In order to grow Westsphere's businesses of ATM machines, financing/leasing and POS machines, Westsphere is dependent upon a lease program provided by our major ATM supplier and concurrently dependent upon a private placements, loans and/or joint venture arrangements. Westsphere's profit is expected to be generated by the surcharges collected from ATM machines, the sale of ATM machines, sale of POS machines and the collection of finance/lease charges.

To this date 890 sites are being processed by Data West and Calypso.

Changes in Financial Position

During the six (6) month period ended June 30, 2005, Westsphere's total assets increased to \$1,507,874 from \$1,455,327 as at December 31, 2004. This increase is primarily due to an increase in Cash, inventory and prepaid expense and deposit. The increase in inventory is caused by the purchase of inventory for resale/lease and upgrade kits for ATMs. The increase in prepaid expense and deposit is caused by a security deposit of \$56,970 from an investor for the ATMs currently under the lease program provided by Westsphere's subsidiary Vencash Capital Corporation. The security deposit funds can be utilized for supplying vault cash to the ATMs under the lease program. These increases were partially offset by a decrease in mortgage receivable of \$41,810 and future tax benefits of \$37,024.

As of June 30, 2005, Westsphere's current liabilities totaled \$840,889 and consisted of accounts payable of \$260,004 to suppliers for the purchase of ATM machines and POS machines, \$160,718 due for return of surcharge and interchange fees and \$329,381 due for office expense, equipment leases, and various other general fees and charges, and accounts payable to related parties for \$62,812 due for officers and directors bonuses payable from year 2002, \$27,974 due for consulting fee from an officer. Long-term liabilities as at June 30, 2005 consist of \$117,991 in convertible debentures, \$232,421 in shareholders loan, a bank loan in the amount of \$95,055 and non-current lease obligations of \$4,781.

Shareholders' equity as of June 30, 2005 was \$224,138, inclusive of an accumulated loss from operations of \$1,623,944, as compared to shareholders equity of \$294,452 as of December 31, 2004. The decrease in shareholders equity was due primarily to an increase in accumulated deficit of \$110,962. The decrease is partially offset against the issuance of 37,500 new common stocks valued at \$48,228 from the three directors whom exercise their stock options. Total issued and outstanding share capital as of the period ended June 30, 2005 was 1,768,685 common shares as compared to a total of 1,731,183 common shares as of December 31, 2004.

Liquidity and Capital Resources

Summary of Working Capital and Stockholders' Equity

As of June 30, 2005, the Company had working capital of (\$70,266) and Stockholders' Equity of \$224,138 compared with working capital of \$69,006 and Stockholders' Equity of \$294,452 as of December 31, 2004. The Company's working capital has decreased principally as a result of an increase in accounts payable from \$430,433 to \$750,103, a decrease in mortgage receivable of \$41,810, decrease in future tax benefits of \$37,024, an increase in inventory by \$90,917 and an increase in prepaid deposit of \$56,970. There are no demands of repayment of accounts payable to related parties of \$62,812 due to officers and directors bonuses payable from year 2002, \$27,974 due for consulting fee from an officer. Stockholders' Equity decreased as a result of the increased in accumulated deficit of \$110,962 and

partially offset against the issuance of 37,500 new common stocks valued at \$48,228 from the three directors whom exercise their stock options.

Financing activities during the six months period resulted in the use of net cash of \$12,653, which was caused by the repayment of \$54,849 in debt and the issuance of new common stocks in the amount of \$42,196. The Company's consolidated operations provided \$53,368 in net cash, compared to the use of net cash in the amount of positive \$60,744 during the same period from the previous year. This decrease in cash flow from operations was the result of an increase in accounts receivable of \$25,405 (compared to a decrease of \$78,752 in 2004), an increase in inventory of \$92,371 (compared to a decrease of \$7,612 in 2004), and a gain on sale of assets of \$69,845 (compared to \$0 gain in 2004), which partially offset against an increase in accounts payable to \$349,858.

Liquidity

The Company anticipates it has sufficient funds over the next twelve months to meet its operation needs. The Company as of August 12, 2005 has \$102,087 in cash and will not have to raise additional funds to meet its operational needs for the next twelve months. However, the Company intends to raise \$1 million to fund its plans for growth of its subsidiaries. Such amount would allow Vencash Capital to purchase and place an additional 330 automated teller machines. The Company has not yet made any determination whether it will attempt to obtain equity or debt financing or any other terms, which will be dependent on a variety of factors. As of the filing of this report, the Company has sufficient funds to meet its existing revenue shortfall for the funding of its consolidated operations. The Company anticipates revenues generated from its sales of equipments and supplies and residual and interchange income will greatly reduce the requirement for additional funding; however, we cannot be certain the Company will be successful in achieving revenues from those operations.

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 June 30, 2005 (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, 2004.

ITEM 2. CHANGES IN SECURITIES

On February 23, 2005, the Company issued additional 37,500 common stocks valued at \$45,000 to three directors whom exercise their stock options. Of these shares, 15,000 shares were issued to Dr. L.R. (Roy) Queen, a director and shareholder of Westsphere, 15,000 shares were issued to Bernd Reuscher, a director and shareholder of Westsphere, and 7,500 shares were issued to Jack Thomson, a director and shareholder of Westsphere.

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 there from is available and that no hedging transactions involving those securities may not be conducted unless in compliance with the Act. Each purchaser under Regulation S certified that it is not a U.S. person and is 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 there from 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 15, 2005

By: /s/ Kim Law

Name: Kim Law

Title:

Principal Financial Officer and Accounting Officer

Date:

August 15, 2005

| 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