

WESTSPHERE ASSET CORPORATION, INC.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009

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WESTSPHERE ASSET CORPORATION, INC.
Condensed Consolidated Balance Sheets
June 30, 2009 and 2008

ASSETS	June 30, 2009 (Unaudited)	December 31, 2008 (Restated)
CURRENT ASSETS		
Cash	\$ 357,484	\$ 69,280
Accounts receivable net of allowance for doubtful accounts of \$167,575 and \$157,640, respectively	290,091	241,975
Accounts receivable – related parties	4,972	5,416
Inventory	200,636	162,192
Prepaid expense and deposit	4,553	55,683
Total current assets	857,736	534,546
Property and equipment, net of depreciation	177,942	204,476
Note receivable	—	9,512
Deferred Costs	133,458	146,769
Total assets	\$ 1,169,136	\$ 895,303
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 837,127	\$ 434,060
Current portion of loans	50,966	85,662
Indebtedness to related parties	303,764	476,908
Net liabilities of discontinued operations	—	295,622
Total current liabilities	1,191,857	1,292,252
Shareholder loans	457,546	38,463
Loans payable, less current portion	199,827	24,447
Total liabilities	1,849,230	1,355,162
Minority interest in subsidiaries	—	—
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock – authorized 75,000,000 shares, no par value, 1,417,118 shares issued and outstanding at June 30, 2009 and December 31, 2008	1,400,855	1,400,855
Common stock - authorized 75,000,000 shares, no par value; 591,726 shares issued and outstanding at June 30, 2009 and December 31, 2008	558,824	558,824
Accumulated other comprehensive income	146,802	181,131
Accumulated deficit	(2,786,575)	(2,600,669)
Total stockholders' equity (Deficit)	(680,094)	(459,859)
Total liabilities and stockholders' equity (Deficit)	\$ 1,169,136	895,303

The accompanying notes are an integral part of these statements.

WESTSPHERE ASSET CORPORATION, INC.
Condensed Consolidated Statements of Operations
For the Six Months Ended June 30,
(Unaudited)

	2009	2008 (Restated)
Revenue -		
Equipment and supplies	\$ 19,625	\$ 27,113
Residual and interchange income	1,402,989	1,811,312
Other	53,952	35,242
Total revenue	1,476,566	1,873,667
Cost of sales -		
Equipment and supplies	17,437	28,863
Residual and interchange costs	937,253	1,158,561
Commissions	2,011	8,310
Other	175,979	71,166
Total cost of sales	1,132,680	1,266,900
Gross profit	343,886	606,767
Operating expenses -		
Depreciation and amortization	37,039	49,370
Consulting fees	89,942	86,148
Legal and accounting fees	3,150	(17,723)
Salaries and benefits	248,480	389,395
Travel, delivery and vehicle expenses	56,377	50,768
Other	189,813	212,839
Total operating expenses	624,801	770,797
(-Loss-) from operations	(280,915)	(164,030)
Other income (expense) -		
Interest income	421	1,623
Interest expense	(33,462)	(55,654)
Net (-loss-) before income taxes	(313,956)	(218,061)
Provision for income taxes	—	—
Net (-loss-) from continuing operations	\$ (313,956)	\$ (218,061)
Discontinued operations		
Loss from operations of POS component, net of tax	(12,676)	(20,814)
Loss on the disposal of POS component, net of tax	(443,549)	—
Net (-loss-)	\$ (770,181)	\$ (238,875)
Per-Share Amounts		
Loss from continuing operations	\$ (0.53)	\$ (0.37)
Loss from discontinued operations	(0.77)	(0.03)
Basic and diluted net (-loss-) per common share	\$ (1.30)	\$ (.40)
Weighted average number of shares outstanding	591,726	592,785
Other comprehensive income (loss) -		
Net (-loss-)	\$ (770,181)	\$ (238,875)
Foreign currency translation adjustment	(34,329)	(3,810)
Total comprehensive (-loss-)	\$ (804,510)	\$ (242,685)

The accompanying notes are an integral part of these statements.

WESTSPHERE ASSET CORPORATION, INC.
Condensed Consolidated Statements of Operations
For the Three Months Ended June 30,
(Unaudited)

	2009	2008 (Restated)
Revenue -		
Equipment and supplies	\$ 11,526	\$ 9,717
Residual and interchange income	746,080	921,992
Other	47,347	20,353
Total revenue	804,953	952,062
Cost of sales -		
Equipment and supplies	9,709	15,723
Residual and interchange costs	491,968	605,120
Commissions	—	2,969
Other	144,462	32,399
Total cost of sales	646,139	656,211
Gross profit	158,814	295,851
Operating expenses -		
Depreciation and amortization	16,623	23,392
Consulting fees	46,223	42,966
Legal and accounting fees	371	(7,478)
Salaries and benefits	116,902	184,845
Travel, delivery and vehicle expenses	20,957	22,565
Other	116,068	114,167
Total operating expenses	317,144	380,457
(-Loss-) from operations	(158,330)	(84,606)
Other income (expense) -		
Interest income	160	672
Interest expense	(15,272)	(32,120)
Net (-loss-) before income taxes	(173,442)	(116,054)
Provision for income taxes	—	—
Net (-loss-) from continuing operations	\$ (173,442)	\$ (116,054)
Discontinued operations		
Loss from operations of POS component, net of tax	—	(5,147)
Loss on the disposal of POS component, net of tax	(443,549)	—
Net (-loss-)	\$ (616,991)	\$ (121,201)
Per-Share Amounts		
Loss from continuing operations	\$ (0.29)	\$ (0.19)
Loss from discontinued operations	(0.75)	(0.01)
Basic and diluted net (-loss-) per common share	\$ (1.04)	\$ (.20)
Weighted average number of shares outstanding	591,726	592,785
Other comprehensive income (loss) -		
Net (-loss-)	\$ (616,991)	\$ (121,201)
Foreign currency translation adjustment	(41,024)	557
Total comprehensive (-loss-)	\$ (658,015)	\$ (120,644)

The accompanying notes are an integral part of these statements.

WESTSPHERE ASSET CORPORATION, INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity (Deficit)
(Unaudited)

	<u>Preferred Stock</u>		<u>Common Stock</u>		Foreign Currency Translation Adjustment	Accumulated (Deficit)	Total
	Shares	Amount	Shares	Amount			
Balance, December 31, 2008	1,417,118	\$ 1,400,855	591,726	\$ 558,824	\$ 181,131	\$ (2,600,669)	\$ (459,859)
Net loss for the six months ended June 30, 2009	—	—	—	—	(34,329)	(770,181)	(804,510)
Disposition of Trac's Equity						584,275	584,275
Balance, June 30, 2009	<u>1,417,118</u>	<u>\$ 1,400,855</u>	<u>591,726</u>	<u>\$ 558,824</u>	<u>\$ 146,802</u>	<u>\$ (2,786,575)</u>	<u>\$ (680,094)</u>

The accompanying notes are an integral part of these statements.

WESTSPHERE ASSET CORPORATION, INC.
Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30,
(Unaudited)

	2009	2008
Cash flows from operating activities:		
Net (loss) from operations	\$ (770,181)	\$ (238,875)
Reconciling adjustments -		
Depreciation and amortization	37,039	52,828
Other non-cash transactions	(295,622)	—
Changes in operating assets and liabilities		
Accounts receivable	(47,672)	67,193
Inventory	(38,444)	(20,093)
Prepaid expenses and other	51,130	(1,801)
Accounts payable and accrued liabilities	403,067	258,944
Net cash (used for) provided by operations	(660,683)	118,196
Cash flows from investing activities:		
Purchase of equipment	(1,050)	(50,358)
Disposal of equipment	—	30,806
Disposal of investment in POS component	443,549	—
Collections of loans receivable	9,512	5,078
Net cash (used for) provided by investing activities	452,011	(14,474)
Cash flows from financing activities:		
Proceeds from loans	421,319	—
Repayments of loans	(34,696)	(60,162)
Net cash provided by financing activities	386,623	(60,162)
Foreign currency translation adjustment	110,253	(3,192)
Net change in cash and cash equivalents	288,204	40,368
Cash at beginning of period	69,280	211,710
Cash at end of period	\$ 357,484	\$ 252,078
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 29,230	\$ 17,926
Cash paid for income taxes	\$ —	\$ —

The accompanying notes are an integral part of these statements.

Note 1 – Basis of Presentation and Nature of Operations

The accompanying consolidated balance sheet as of December 31, 2008 has been derived from audited financial statements and the accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the interim reporting requirements of Regulation S-X. 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-Q. In management's opinion, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. 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, 2008 audited financial statements and the accompanying notes thereto contained in the Annual Report on Form 10-K 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.

The Company’s primary business is the sale and operation of cash vending (ATM) and point of sale (POS) machines in Canada.

There is no provision for dividends for the quarter to which this quarterly report relates.

Note 2 – Recent Accounting Pronouncements

EITF No. 03-6-1 – In June 2008, the FASB issued Staff Position No. EITF 03-6-1 (“EITF No. 03-6-1”), *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*. EITF No. 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore, need to be included in the earnings allocation in calculating earnings per share under the two-class method described in Statement of Financial Accounting Standards No. 128, *Earnings per Share*. EITF No. 03-6-1 requires companies to treat unvested share-based payment awards that have non-forfeitable rights to dividend or dividend equivalents as a separate class of securities in calculating earnings per share. EITF No. 03-6-1 is effective for fiscal years beginning after December 15, 2008. The Company is currently assessing the potential effect of EITF No. 03-6-1 on its financial statements.

SFAS No. 162 – In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162 (“SFAS No. 162”), *The Hierarchy of Generally Accepted Accounting Principles*. SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. SFAS No. 162 will become effective 60 days

following Securities and Exchange Commission (“SEC”) approval of the Public Company Accounting Oversight Board (“PCAOB”) amendments to AU Section 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*. The Company does not anticipate the adoption of SFAS No. 162 to have a material impact on its financial statements.

FSP No. 142-3 – In April 2008, the FASB issued Staff Position No. 142-3 (“FSP No. 142-3”), *Determination of the Useful Life of Intangible Assets*. FSP No. 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*. The FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The Company is currently assessing the potential effect of FSP No. 142-3 on its financial statements.

SFAS No. 161 – In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161 (“SFAS No. 161”), *Disclosures about Derivative Instruments and Hedging Activities*. SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging*. SFAS No. 161 is effective for fiscal years beginning after November 15, 2008. The Company believes that the adoption of this standard will not have a material impact on its financial statements.

The above pronouncements are not currently expected to have a material effect on the Company’s financial statements.

Note 3 – Reclassifications

Certain amounts have been reclassified in 2008 to conform with 2009 presentation.

Note 4 - Accounts Receivable

Accounts receivable consist of amounts due from customers. The Company considers accounts more than 180 days old to be past due. The Company uses the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is written off against the allowance.

Note 5 – Inventory

Inventory consists primarily of cash vending and POS machines, which are valued at the lesser of cost (on a first-in, first-out method) or net realizable value.

Note 6 – Deferred Costs

In order for Westsphere’s subsidiaries to remain competitive in the marketplace, Westsphere, through its subsidiary Westsphere Systems Inc. has successfully gained membership into the Canadian Interac Association as an Acquirer. This will enable the direct processing of ATM, POS and other transactions for its other subsidiaries, Vencash and Trac POS. Westsphere

has sourced out an industry leader, ACI Worldwide, and invested in the development and ongoing support required to facilitate the processing of transactions. Westsphere Systems Inc. will process all transactions through its association with ACI thereby eliminating the costs, restrictions, and potential risks of relying on third party processors. Most importantly, the investment in the processor, or switch, will also enable Westsphere's direct entry into new and emerging markets such as card management and processing.

Note 7 – Related Party

The following table summarizes the Company's accounts receivable - related party transactions as at June 30, 2009:

Revenue	Amount
Sales of ATM parts and accessories to: Directors' 100% owned company	\$ 2,568
Shareholder loan from:	
49% shareholder's of Personal Financial Solution	2,404
<i>The shareholder loan is payable on demand.</i>	
Total	\$ 4,972

The Company expensed \$20,537 (\$24,000 CDN) during the second quarter of 2009 for consulting and management services to an affiliated company that is controlled by the Company's president.

The following table summarizes the Company's indebtedness to related party transactions as at June 30, 2009:

Payable to:	Amount
A loan advanced from Westsphere's Directors' to support the switch development project	\$ 17,309
Officers' and Directors' bonuses payable carried forward from year 2002	58,061
Deposits advanced from Westsphere's President to support the switch development project	61,447
A loan advanced from Westsphere's President for working capital.	75,062
A loan advanced from Westsphere's vice President for working capital.	5,812

A loan advance from Westsphere's vice president bearing interest at 12% per annum, blended monthly payment of interest only for working capital.	86,073
Total	\$303,764

Note 8 – Discontinued Operations

Results of Discontinued Operations

On May 4, 2009 TRAC was served with a Notice of Intention to Enforce a Security Form 86 (Rule 124) a precursor to placing TRAC into receivership. This Notice was served on behalf of the Trustees of the estate of June Barr, the holder of a TRAC loan agreement secured by a General Security Agreement registered under the Alberta Personal Property Protection Act.

As a result Westsphere initiated a similar action to secure its loan to TRAC which also was secured by a General Security Agreement registered under the Alberta Personal Property Protection Act. TRAC subsequently turned over the business operations, books and records to the appointed receiver in bankruptcy after the termination of TRAC business operations on May 5, 2009. On August 11, 2009, Notice was given to Westsphere of a first creditor's meeting which will be held on August 27, 2009 whereby Westsphere was listed as a secured creditor under the TRAC bankruptcy.

TRAC business related to the sale and processing of Point of Sale Equipment which ran at a continual loss historically and will have no impact on Westsphere's continuing operations.

At this time the assets of TRAC are with the court appointed receiver and control of TRAC by Westsphere ended on May 5, 2009. No financial reporting for the 2nd quarter.

Results for discontinued operations were as follows:

	6 Months Ended June 2009	6 Months Ended June 2008	3 Months Ended June 2009	3 Months Ended June 2008
Loss on dispositions	\$(443,549)	\$ -	\$(443,549)	\$ -
Loss from operations of POS component	(12,676)	(20,814)	-	(5,147)
Loss from discontinued operations	\$(456,225)	\$(20,814)	\$(443,549)	\$(5,147)

Summarized financial information for discontinued operations is as follows:

	6 Months Ended June 2009	6 Months Ended June 2008	3 Months Ended June 2009	3 Months Ended June 2008

Revenue	\$63,806	\$145,445	\$ -	\$83,478
Cost of sales	(30,534)	(39,179)	-	(24,796)
Operating expenses	(45,948)	(127,080)	-	(63,829)
Other income (expense)	-	-	-	-
Net loss before income taxes	(12,676)	(20,814)	-	(5,147)
Provision for income taxes	-	-	-	-
Net loss from operations	\$(12,676)	\$(20,814)	\$ -	\$(5,147)

The net liabilities of discontinued operations, which are included on the consolidated Balance Sheet, consist of the following at June 30, 2009 and December 31, 2008:

	June 30, 2009	December 31, 2008
Cash	\$ -	\$ 18,600
Accounts receivable	-	6,918
Prepaid expense and deposit	-	724
Property held for sale	-	50,091
Total assets	-	76,333
Current liabilities	-	40,584
Long-term debt	-	331,371
Total liabilities	-	371,955
Net liabilities of discontinued operations	\$ -	\$295,622