

WESTSPHERE ASSET CORPORATION, INC.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

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

ASSETS	September 30, 2009 <u>(Unaudited)</u>	December 31, 2008 <u>(Restated)</u>
CURRENT ASSETS		
Cash	\$ 589,536	\$ 69,280
Accounts receivable net of allowance for doubtful accounts of \$178,696 and \$157,640, respectively	395,503	241,975
Accounts receivable – related parties	5,002	5,416
Inventory	213,160	162,192
Prepaid expense and deposit	4,847	55,683
Total current assets	<u>1,208,048</u>	<u>534,546</u>
Property and equipment, net of depreciation	172,280	204,476
Note receivable	—	9,512
Intangible Assets, net of amortization	<u>120,868</u>	<u>146,769</u>
Total assets	<u>\$ 1,501,196</u>	<u>\$ 895,303</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,025,664	\$ 434,060
Current portion of loans	59,774	85,662
Indebtedness to related parties	514,343	476,908
Net liabilities of discontinued operations	—	295,622
Total current liabilities	<u>1,599,781</u>	<u>1,292,252</u>
Shareholder loans	487,006	38,463
Loans payable, less current portion	<u>212,693</u>	<u>24,447</u>
Total liabilities	<u>2,299,480</u>	<u>1,355,162</u>
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 September 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 September 30, 2009 and December 31, 2008	558,824	558,824
Accumulated other comprehensive income	103,983	181,131
Accumulated deficit	<u>(2,861,946)</u>	<u>(2,600,669)</u>
Total stockholders' equity (Deficit)	<u>(798,284)</u>	<u>(459,859)</u>
Total liabilities and stockholders' equity (Deficit)	<u>\$ 1,501,196</u>	<u>895,303</u>

The accompanying notes are an integral part of these statements.

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

	2009	2008 (Restated)
Revenue -		
Equipment and supplies	\$ 24,076	\$ 45,229
Residual and interchange income	2,395,601	2,721,484
Other	153,005	50,629
Total revenue	2,572,682	2,817,342
Cost of sales -		
Equipment and supplies	21,637	44,459
Residual and interchange costs	1,627,847	1,757,129
Commissions	2,011	8,310
Other	316,510	99,204
Total cost of sales	1,968,005	1,909,102
Gross profit	604,677	908,240
Operating expenses -		
Depreciation and amortization	74,159	74,815
Consulting fees	110,944	125,504
Legal and accounting fees	11,430	(17,924)
Salaries and benefits	390,905	559,127
Travel, delivery and vehicle expenses	88,551	96,120
Other	266,039	320,223
Total operating expenses	942,028	1,157,865
(-Loss-) from operations	(337,351)	(249,625)
Other income (expense) -		
Interest income	430	2,136
Interest expense	(52,406)	(80,434)
Net (-loss-) before income taxes	(389,327)	(327,923)
Provision for income taxes	—	—
Net (-loss-) from continuing operations	\$ (389,327)	\$ (327,923)
Discontinued operations		
Loss from operations of POS component, net of tax	(12,676)	(32,709)
Loss on the disposal of POS component, net of tax	(443,549)	—
Net (-loss-)	\$ (845,552)	\$ (360,632)
Per-Share Amounts		
Loss from continuing operations	\$ (0.65)	\$ (0.55)
Loss from discontinued operations	(0.77)	(0.05)
Basic and diluted net (-loss-) per common share	\$ (1.42)	\$ (0.60)
Weighted average number of shares outstanding	591,726	592,701
Other comprehensive income (loss) -		
Net (-loss-)	\$ (845,552)	\$ (360,632)
Foreign currency translation adjustment	(77,148)	(1,941)
Total comprehensive (-loss-)	\$ (922,700)	\$ (362,573)

The accompanying notes are an integral part of these statements.

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

	2009	2008 (Restated)
Revenue -		
Equipment and supplies	\$ 4,451	\$ 18,115
Residual and interchange income	992,612	910,173
Other	99,053	15,387
Total revenue	1,096,116	943,675
Cost of sales -		
Equipment and supplies	4,200	15,596
Residual and interchange costs	690,594	598,568
Commissions	—	—
Other	140,531	28,038
Total cost of sales	835,325	642,202
Gross profit	260,791	301,473
Operating expenses -		
Depreciation and amortization	37,120	25,445
Consulting fees	21,002	41,754
Legal and accounting fees	8,280	(201)
Salaries and benefits	142,425	169,731
Travel, delivery and vehicle expenses	32,174	42,428
Other	76,226	107,911
Total operating expenses	317,227	387,068
(-Loss-) from operations	(56,436)	(85,595)
Other income (expense) -		
Interest income	9	513
Interest expense	(18,944)	(24,780)
Net (-loss-) before income taxes	(75,371)	(109,862)
Provision for income taxes	—	—
Net (-loss-) from continuing operations	\$ (75,371)	\$ (109,862)
Discontinued operations		
Loss from operations of POS component, net of tax	—	(11,895)
Loss on the disposal of POS component, net of tax	—	—
Net (-loss-)	\$ (75,371)	\$ (121,757)
Per-Share Amounts		
Loss from continuing operations	\$ (0.12)	\$ (0.18)
Loss from discontinued operations	—	(0.02)
Basic and diluted net (-loss-) per common share	\$ (0.12)	\$ (0.20)
Weighted average number of shares outstanding	591,726	592,785
Other comprehensive income (loss) -		
Net (-loss-)	\$ (75,371)	\$ (121,757)
Foreign currency translation adjustment	(42,819)	1,869
Total comprehensive (-loss-)	\$ (118,190)	\$ (119,888)

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 nine months ended September 30, 2009	—	—	—	—	(77,148)	(845,552)	(922,700)
Disposition of Trac's Equity						584,275	584,275
Balance, September 30, 2009	<u>1,417,118</u>	<u>\$ 1,400,855</u>	<u>591,726</u>	<u>\$ 558,824</u>	<u>\$ 103,983</u>	<u>\$ (2,861,946)</u>	<u>\$ (798,284)</u>

The accompanying notes are an integral part of these statements.

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

	2009	2008
Cash flows from operating activities:		
Net (loss) from operations	\$ (845,552)	\$ (360,632)
Reconciling adjustments -		
Depreciation and amortization	74,159	79,978
Other non-cash transactions	(295,622)	—
Changes in operating assets and liabilities		
Accounts receivable	(153,114)	110,306
Inventory	(50,968)	3,577
Prepaid expenses and other	50,836	(14,433)
Accounts payable and accrued liabilities	629,039	15,448
Net cash (used for) provided by operations	(591,222)	(165,756)
Cash flows from investing activities:		
Purchase of equipment	(11,689)	(96,506)
Disposal of equipment	3,453	33,321
Disposal of investment in POS component	443,549	—
Collections of loans receivable	9,512	(2,751)
Net cash (used for) provided by investing activities	444,825	(65,936)
Cash flows from financing activities:		
Proceeds from loans	664,057	313,859
Repayments of loans	(53,155)	(108,479)
Net cash provided by financing activities	610,902	205,380
Foreign currency translation adjustment	55,751	22,155
Net change in cash and cash equivalents	520,256	(4,157)
Cash at beginning of period	69,280	211,710
Cash at end of period	\$ 589,536	\$ 207,553
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 45,899	\$ 19,723
Cash paid for income taxes	\$ —	\$ —

The accompanying notes are an integral part of these statements.

WESTSPHERE ASSET CORPORATION, INC.
Notes to the Condensed Consolidated Financial Statements
September 30, 2009 and 2008
(Unaudited)

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

FASB Codification 9/15/2009 Topic 260 (ASC 260) – ASC 260 superseded FASB Staff Position No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, Which was issued in June 2008. ASC 260 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 ASC 260. ASC 260 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 adoption of the ASC 260 on its financial statements.

In May 2008, the FASB issued Standard, *The Hierarchy of Generally Accepted Accounting Principles*. The standard identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of

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nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. *The Hierarchy of Generally Accepted Accounting Principles* 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 any material impact on its financial statements.

FASB Codification 9/15/2009 Topic 350 (ASC 350) – ASC 350 superseded FASB Staff Position No. 142-3 (“FSP No. 142-3”), *Determination of the Useful Life of Intangible Assets*, which was issued in April 2008. ASC 350 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. The standard 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 the adoption of ASC 350 on its financial statements.

FASB Codification 9/15/2009 Topic 815 (ASC 815)– ASC 815 superseded the FASB Statement of Financial Accounting Standards No. 161 (“SFAS No. 161”), *Disclosures about Derivative Instruments and Hedging Activities*, which was issued in March 2008, 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 ASC 815 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

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(Unaudited)

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 September 30, 2009:

Revenue	Amount
Sales of ATM parts and accessories to: Directors' 100% owned company	\$ 2,443
Shareholder loan from:	
49% shareholder's of Personal Financial Solution <i>The shareholder loan is payable on demand.</i>	2,559
Total	\$ 5,002

The Company expensed \$22,098 (\$24,000 CDN) during the third 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 September 30, 2009:

Payable to:	Amount
A loan advanced from Westsphere's Directors' to support the switch development project	\$ 28,930
Officers' and Directors' bonuses payable carried forward from year 2002	61,799
Deposits advanced from Westsphere's	

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President to support the switch development project	114,678
A loan advanced from Westsphere's President for working capital.	63,409
Vault cash from Westsphere's vice President to be returned on October 1.	147,320
A loan advanced from Westsphere's vice President for working capital.	6,592
A loan advance from Westsphere's vice president bearing interest at 12% per annum, blended monthly payment of interest only for working capital.	91,615
Total	\$514,343

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 and 3rd quarter.

Results for discontinued operations were as follows:

	9 Months Ended September 2009	9 Months Ended September 2008	3 Months Ended September 2009	3 Months Ended September 2008
Loss on dispositions	\$(443,549)	\$ -	\$ -	\$ -
Loss from				

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(Unaudited)

operations of POS component	(12,676)	(32,709)	-	(11,895)
Loss from discontinued operations	\$(456,225)	\$(32,709)	\$ -	\$(11,895)

Summarized financial information for discontinued operations is as follows:

	9 Months Ended September 2009	9 Months Ended September 2008	3 Months Ended September 2009	3 Months Ended September 2008
Revenue	\$63,806	\$204,991	\$ -	\$59,546
Cost of sales	(30,534)	(54,138)	-	(14,959)
Operating expenses	(45,948)	(183,562)	-	(56,482)
Other income (expense)	-	-	-	-
Net loss before income taxes	(12,676)	(32,709)	-	(11,895)
Provision for income taxes	-	-	-	-
Net loss from operations	\$(12,676)	\$(32,709)	\$ -	\$(11,895)

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

	September 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