

WESTSPHERE ASSET CORP INC
Form 10QSB
August 10, 2007

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, 2007

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:

592,785 shares of Common Stock, no par value, as of August 2, 2007

1,416,143 shares of Preferred Stock, no par value, as of August 2, 2007

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, 2007

	PAGE
PART I FINANCIAL INFORMATION	
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statements of Cash Flows	6
Notes to Financial Statements	7
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	9
ITEM 3. CONTROLS AND PROCEDURES	12
Part II OTHER INFORMATION	
ITEM 1. LEGAL PROCEEDINGS	12
ITEM 2. CHANGES IN SECURITIES	13
ITEM 3. DEFAULTS UPON SENIOR SECURITIES	13
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	13
ITEM 5. OTHER INFORMATION	13
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K	15

PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

WESTSPHERE ASSET CORPORATION, INC.

Consolidated Balance Sheet

ASSETS	June 30, 2007 (Unaudited)	December 31, 2006 (Note 1)
CURRENT ASSETS		
Cash	\$ 265,990	\$ 413,398
Accounts receivable net of allowance for doubtful accounts of \$75,976 and \$75,292	229,377	293,814
Accounts receivable related parties	15,088	11,563

Edgar Filing: WESTSPHERE ASSET CORP INC - Form 10QSB

Inventory		278,791		218,434
Prepaid expense and deposit		31,034		17,102
Current portion of notes receivable		2,014		48,361
Total current assets		822,294		1,002,672
Property and equipment, net of depreciation		382,579		277,453
Intellectual property		2,269		2,289
Notes receivable, less current portion		129,368		
Mortgage receivable				12,930
Future tax benefits		9,258		8,408
Total assets	\$	1,345,768	\$	1,303,752

LIABILITIES AND STOCKHOLDERS EQUITY

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	439,442	\$	576,621
Accounts payable, related parties		100,193		122,463
Current portion of loans payable		9,109		
Total current liabilities		548,744		699,084
Shareholder loans		235,088		223,771
Bank loan				14,125
Loans payable, less current portion		227,565		
Total liabilities		1,011,397		936,980

Minority interest in subsidiaries

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS EQUITY

Preferred stock - authorized 75,000,000 shares, no par value, 1,416,143 and 1,416,143 shares issued and outstanding		1,400,719		1,400,719
Common stock - authorized 75,000,000 shares, no par value; 592,785 and 551,702 shares issued and outstanding		558,960		509,261
Accumulated other comprehensive income		127,290		92,166
Accumulated deficit		(1,752,598)		(1,635,374)

Edgar Filing: WESTSPHERE ASSET CORP INC - Form 10QSB

Total stockholders' equity		334,371	366,772
Total liabilities and stockholders' equity	\$	1,345,768	1,303,752

WESTSPHERE ASSET CORPORATION, INC.

Consolidated Statements of Operations

For the Six Months Ended June 30,

(Unaudited)

	2007	2006
Revenue -		
Equipment and supplies	\$ 178,854	\$ 332,017
Residual and interchange income	1,946,093	2,061,272
Other	37,895	33,829
Total revenue	2,162,842	2,427,118
Cost of sales -		
Equipment and supplies	143,103	289,723
Residual and interchange costs	1,155,897	1,263,380
Commissions	186	15,915
Other	63,170	63,991
Total cost of sales	1,362,356	1,633,009
Gross profit	800,486	794,109
Administrative expenses -		
Depreciation and amortization	65,491	57,865
Consulting fees	85,863	82,104
Legal and accounting fees	98,126	20,962
Salaries and benefits	371,594	368,906
Travel, delivery and vehicle expenses	79,602	57,340

Edgar Filing: WESTSPHERE ASSET CORP INC - Form 10QSB

Other	202,626	192,529
Total administrative expenses	903,302	779,706
Income (loss) from operations	(102,816)	14,403
Other income & expense -		
Interest income	8,535	34,974
Interest expense	(22,943)	(23,511)
Net income (loss) before income taxes	(117,224)	25,866
Provision for income taxes		
Net income (loss)	\$ (117,224)	\$ 25,866
Net (loss) per common share	\$ (.20)	\$.04
Weighted number of shares outstanding	579,091	621,937
Other comprehensive income:		
Net income (loss)	\$ (117,224)	\$ 25,866
Foreign currency translation adjustment	35,124	1,357
Total comprehensive income	\$ (82,100)	\$ 27,223

WESTSPHERE ASSET CORPORATION, INC.

Consolidated Statements of Operations

For the three Months Ended June 30,

Edgar Filing: WESTSPHERE ASSET CORP INC - Form 10QSB

(Unaudited)

	2007	2006
Revenue -		
Equipment and supplies	\$ 88,397	\$ 99,309
Residual and interchange income	1,021,346	1,030,362
Other	23,155	19,868
Total revenue	1,132,898	1,149,539
Cost of sales -		
Equipment and supplies	73,168	79,482
Residual and interchange costs	604,645	631,163
Commissions	130	619
Other	28,669	35,110
Total cost of sales	706,612	746,374
Gross profit	426,286	403,165
Administrative expenses -		
Depreciation and amortization	29,712	20,686
Consulting fees	44,692	40,033
Legal and accounting fees	86,627	14,740
Salaries and benefits	189,432	187,935
Travel, delivery and vehicle expenses	45,453	33,367
Other	97,522	103,056
Total administrative expenses	493,438	399,817
Income (loss) from operations	(67,152)	3,348
Other income & expense -		
Interest income	4,464	16,275
Interest expense	(10,435)	(12,044)
Net income (loss) before income taxes	(73,123)	7,579
Provision for income taxes		
Net income (loss)	\$ (73,123)	\$ 7,579

Edgar Filing: WESTSPHERE ASSET CORP INC - Form 10QSB

Net (loss) per common share	\$ (.12)	\$.01
Weighted number of shares outstanding	592,785	621,937
Other comprehensive income:		
Net income (loss)	\$ (73,123)	\$ 7,879
Foreign currency translation adjustment	31,449	2,489
Total comprehensive income	\$ (41,674)	\$ 10,368

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

	2007	2006
Cash flows from operating activities:		
Net (loss) from operations	\$ (117,224)	\$ 25,866
Reconciling adjustments -		
Depreciation and amortization	65,491	51,812
Other non-cash transactions	45,714	3,548
Changes in operating assets and liabilities		
Accounts receivable	(38,118)	43,059
Inventory	(36,846)	(8,851)
Prepaid expenses and other	(11,748)	29,853
Accounts payable and accrued liabilities	6,299	(46,817)
Net cash provided by (used for) operations	(86,432)	98,470
Cash flows from investing activities:		
Purchase of equipment	(176,884)	(22,213)
Disposal of equipment	35,034	20,602
Collection on loans receivable	64,972	43,831
Net cash provided by (used for) investing activities	(76,878)	42,220
Cash flows from financing activities:		
Repayment of debt	(25,858)	(72,438)
Exercise of options	7,017	
Net cash provided by financing activities	(18,841)	(72,438)
Foreign currency translation adjustment	34,743	4,666
Net change in cash and cash equivalents	(147,408)	72,918
Cash and cash equivalents at beginning of period	413,398	484,799
Cash and cash equivalents at end of period	\$ 265,990	\$ 557,717

Supplemental schedule of cash flow information

Edgar Filing: WESTSPHERE ASSET CORP INC - Form 10QSB

Interest paid in cash	\$ 8,490	\$ 5,425
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, 2007 and 2006

(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, 2006 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

In January 2007, Westsphere issued 31,058 common shares at a fair market value at \$1.38 (\$1.62 CDN) per share. Westsphere executed a share exchange agreement with unaffiliated TRAC shareholders to exchange a total of 24,142 shares of our common stock at \$1.38 (\$1.62 CDN) per share for a nineteen percent (19%) interest plus \$19,092 (\$22,500 CDN) shareholders loan in TRAC. Concurrently, Westsphere entered into share exchange agreements with affiliated TRAC shareholders, Jack Thomson and Brett Border, to exchange a total of 6,916 shares of our common stock at \$1.38 (\$1.62 CDN) per share for a twelve percent (12%) interest in TRAC. Mr. Thomson is a member of our Board of Directors and Mr. Border is the President of Vencash Capital and TRAC. This share exchange resulted in increasing our holdings in TRAC to eighty-two percent (82%).

In March 2007, Westsphere issued 10,025 common shares. 10,025 common shares issued to one of the Executive Officers who has exercised a portion of his 2002 options to purchase shares of our common stock at \$0.70 per share.

As at June 30, 2007, Westsphere has a total of 1,416,143 preferred shares and 592,785 common shares issued and outstanding.

Note 3 Notes Receivable

There are four notes receivable which are demand loan agreements. The first note receivable of \$26,916 (\$31,112 CDN) bearing interest at 12% per annum has a three year term, requiring monthly payments of principal and interest of \$894 (\$1,033 CDN) to December 1, 2009. The current balance is \$25,176 (\$26,669 CDN)

The remainder three notes receivable totaled \$103,842 (\$110,000 CDN) bearing interest at 12% per annum, requiring monthly payments of interest only of \$1,000 (\$1,100 CDN). The purpose of these notes receivable are to supply vault cash to Westsphere's wholly owned subsidiary Vencash's customers' ATM equipment and site locations.

Note 4 Notes Payable

Westsphere's subsidiary Vencash entered into two loan agreements with its major ATM supplier in July of 2006. The first loan agreement bearing interest at 6% per annum requires blended monthly payments of principal and interest of \$4,452 to March 2009. The second loan agreement, bearing interest at 18% per annum, requires blended monthly payments of principal and interest of \$1,041 (\$1,204 CDN) to July 2011; with a final payment of \$90 in August 2011.

WESTSPHERE ASSET CORPORATION, INC.

Notes to Financial Statements

June 30, 2007 and 2006

(Unaudited)

In May 2007, Westsphere's subsidiary Vencash entered into a loan agreement with its major ATM supplier, bearing interest at 18% per annum, requires blended monthly payments of principal and interest of \$820.39 (\$869.04 CDN) to May 2012; with a final payment of \$90 in May 2012.

In June 2007, Westsphere's subsidiary Vencash entered into a loan agreement with its major ATM supplier, bearing interest at 18% per annum, requires blended monthly payments of principal and interest of \$820.39 (\$869.04 CDN) to June 2012; with a final payment of \$90 in June 2012.

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Current Corporate Structure June 30, 2007

WESTSPHERE ASSET CORPORATION, INC.

Subsidiaries CDN

Subsidiaries CDN	Subsidiaries US	
Vencash Capital Corporation	Trac POS Processing Inc.	Vencash Financial
100%	82%	Systems Inc. (US)
Active	Active	100%
		Inactive
Westspere Systems Inc.	Cash Direct Financial Services Ltd.	

100%
Active

100%
Active

E Debit International Inc.
100%
Inactive

105725 Alberta Ltd.
o/a Personal Financial Solutions
51% owned by Cash Direct Financial

Services Ltd .
Inactive

Vencash POS Services Inc.

*(Formerly 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 ending June 30, 2007, Westsphere and its subsidiaries generated a net loss from operations of \$73,123, while a net income from operations of \$7,579 was realized for the same period from the previous year. The decrease in net income of \$80,702 over the same period from the previous year was caused by an increase in total administrative expenses of \$93,621 to \$493,438 from the previous year's amount of \$399,817. The increase of \$93,621 in total administrative expenses are primarily due to a significant increase in legal and accounting fees of \$71,887, and an increase in travel, delivery and vehicle expenses of \$12,086. The decrease is partially offset against an increase in gross profit of \$23,121 over the same period from the previous year.

The increase in legal and accounting fees was primarily incurred for annually and quarterly audit and legal filing fees. The increase in travel, delivery and vehicle expenses was caused by Westsphere's subsidiary, Vencash, which leased four additional vehicles for the Sales and Service departments.

Westsphere's gross margin during the second quarter of year 2007 increased by 3% to 38% from the gross margin during the same period from the previous year of 35%. This was caused by an increased in net of residual and interchange income of \$17,502 and a decrease in cost of sales under other expense of \$6,441. The increase was mainly caused by an increase in the number of placements of ATMs in the latter part in year 2005, and throughout the year 2006. The increase in net of residual and interchange revenue is partially offset against a decrease in net equipment and supplies revenue of \$4,598. The decrease in net of equipment and supplies sales was due to Westsphere's subsidiary Vencash Capital Corporation mainly focusing on the placement, and finance/lease program offered by an ATM supplier. The finance/lease program provides Vencash Capital an opportunity to place more ATMs in the marketplace at a lower cost.

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 543 POS sites are being processed between two switches.

Changes in Financial Position

During the Six (6) month period ending June 30, 2007, total assets increased to \$1,345,768 primarily due to an increase in inventory of \$60,357, an increase in prepaid expenses and deposit of \$13,932, an increase in a property and equipment, net of depreciation of \$105,126, and an increase in notes receivable of \$129,368.

The increase in property and equipment, net of depreciation, was caused by the purchase of used ATMs from investors at below market costs and an exercised early buyout on the leased ATMs.

There are four notes receivable which are demand loan agreements. The first note receivable of \$26,916 (\$31,112 CDN) bearing interest at 12% per annum has a three year term, requiring monthly payments of principal and interest of \$894 (\$1,033 CDN) to December 1, 2009. The current balance on this note receivable is \$25,176 (\$26,669 CDN). The remaining three notes receivable of \$103,842 (\$80,000CDN, \$20,000 CDN, \$10,000 CDN) bearing interest at 12% per annum, require monthly payments of interest only of \$1,000 (\$1,100 CDN). The purpose of these notes receivable are to supply vault cash to Westsphere's wholly owned subsidiary Vencash's customers' ATM equipment and site locations.

The two notes receivable of \$26,916 (\$31,112 CDN) and \$75,522 (\$80,000 CDN) are classified under current assets as an operating receivable at the time of filing the 10KSB 2006. These notes are converted into a formal note receivable during the first quarter of 2007. The remaining two notes receivable of \$18,880 (\$20,000 CDN) and \$9,440 (\$10,000 CDN) occurred during the year 2007.

The increase is partially offset against a decrease in cash of \$147,408; a decrease in accounts receivable of \$64,437; and a decrease in current portion of notes receivable of \$46,347 which relate to a collection of mortgage receivables of \$48,361. Banff Gate Mountain Resort Ltd., the mortgagee, has decided to exercise their option to pay the mortgage in full on April 1, 2007.

Westsphere's current liabilities consist of accounts payable of \$439,442, accounts payable to related parties of \$100,193, and current portion of loans payable of \$9,109. Accounts payable includes payables of \$34,771 to suppliers for the purchase of ATM machines and POS machines, \$197,577 is payable for the return of surcharge and interchange, accounting and legal payables in the amount of \$63,291, unearned revenue in the amount of \$19,850, lease payable in the amount of \$24,490, telephone expenses in the amount of \$7,305, vacation payable in the amount of \$32,040, and \$60,118 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 \$63,361, and a loan advanced from Westsphere's President in the amount of \$36,832.

Long term liabilities as at June 30, 2007 consisted of \$235,088 for outstanding accounts due to shareholders of Westsphere and loan payables, less current portion of \$227,565. Westsphere's shareholder loans related to TRAC of

\$173,727 and shareholder loans related to Westsphere of \$47,201 have interest rates of 18% and 9%, respectively. Trac's shareholder loan is a demand loan and Westsphere's shareholder loan is not a demand loan. The remaining shareholder loan related to TRAC of \$7,080 is without interest and specific repayment terms.

Westsphere's subsidiary Vencash entered into two loan agreements with its major ATM supplier in July of 2006. The first loan agreement of \$161,249 (\$188,080 CDN) bearing interest at 6% per annum requires blended monthly payments of principal and interest of \$4,452 to March 2009. The second loan agreement of \$36,226 (42,254 CDN), bearing interest at 18% per annum, requires blended monthly payments of principal and interest of \$1,041 to July 2011; with a final payment of \$90 in August 2011. These two loan payables are classified under current liabilities as an operating payable at the time of filing the 10KSB 2006. These two loans were converted into a formal loan payable during the first quarter of 2007.

In May 2007, Westsphere's subsidiary Vencash entered into a loan agreement with its major ATM supplier, bearing interest at 18% per annum, requiring blended monthly payments of principal and interest of \$820 (\$869 CDN) to May 2012; with a final payment of \$90 in May 2012.

In June 2007, Westsphere's subsidiary Vencash entered into a loan agreement with its major ATM supplier, bearing interest at 18% per annum, requiring blended monthly payments of principal and interest of \$820 (\$869 CDN) to June 2012; with a final payment of \$90 in June 2012.

Shareholders' equity as of June 30, 2007 was \$334,371; inclusive of an accumulated loss from operations of \$1,752,598, as compared to shareholders equity of \$366,772 as of the same date from the previous year. Total issued and outstanding share capital as of the period ending June 30, 2007 was 592,785 common shares and 1,416,143 preferred shares as compared to a total of 551,700 common shares and 1,416,143 preferred shares as of December 31, 2006.

Liquidity and Capital Resources

Summary of Working Capital and Stockholders' Equity

As of June 30, 2007, the Company had working capital of \$273,550 and Stockholders' Equity of \$334,371 compared with working capital of \$303,588 and Stockholders' Equity of \$366,772 as of December 31, 2006. The Company's working capital has decreased principally as a result of a decrease in accounts receivable of \$64,437, a decrease in current portion of mortgage receivable of \$46,347, and a decrease in cash of \$147,408. The decrease is partially offset against the decrease in accounts payable of \$137,179 and the repayment of accounts payable to related parties of \$22,270. Stockholders' Equity decreased as a result of a net loss for the six months ended June 30, 2007 of \$117,224. The decrease is partially offset against an increase in common stocks of \$49,699. There is no change in operations

during the second quarter of year 2007.

Financing activities during the six month period resulted in the use of net cash of negative \$18,841, which was caused by the repayment of \$25,858 in debt and partially offset against the issuance of common stock of \$7,017 to one of the Executive Officers who has exercised a portion of his 2002 options to purchase shares of our common stock at \$0.70 per share. The Company's consolidated operations provided negative \$86,432 in net cash, compared to the use of net cash in the amount of \$98,470 during the same period from the previous year. This decrease in net cash flow from operations was the result of an increase in accounts receivable of \$38,118, increase in inventory of \$36,846, and an increase in prepaid expenses and other of \$11,748.

Investing activities during the six month period resulted in the use of net cash of negative \$76,878, which was caused by the purchase of equipment of \$176,884 and partially offset against the disposal of equipment of \$35,034 and collection on loans receivable of \$64,972.

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 2, 2007, has \$194,031 in cash, 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, 2007. 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 June 30, 2007 (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, 2006.

ITEM 2. CHANGES IN SECURITIES

In January 2007, Westsphere issued 31,058 common shares at a fair market value at \$1.38 (\$1.62 CDN) per share. We executed a share exchange agreement with unaffiliated TRAC shareholders to exchange a total of 24,142 shares

of our common stock at \$1.38 (\$1.62 CDN) per share for a nineteen percent (19%) interest plus \$19,092 (\$22,500 CDN) shareholders loan in TRAC. Concurrently, we entered into share exchange agreements with affiliated TRAC shareholders, Jack Thomson and Brett Border, to exchange a total of 6,916 shares of our common stock at \$1.38 (\$1.62 CDN) per share for a twelve percent (12%) interest in TRAC. Mr. Thomson is a member of our Board of Directors and Mr. Border is the President of Vencash Capital and TRAC. This share exchange resulted in increasing our holdings in TRAC to eighty-two percent (82%).

In March 2007, Westsphere issued 10,025 common shares. 10,025 common shares issued to one of the Executive Officers who has exercised a portion of his 2002 options to purchase shares of our common stock at \$0.70 per share.

There are no changes in securities in the second quarter ended June 30, 2007.

As at June 30, 2007, Westsphere has a total of 1,416,143 preferred shares and 592,785 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 there from 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 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 10, 2007

By: /s/ Kim Law

Name: Kim Law

Title:

Principal Financial Officer and Accounting Officer

Date:

August 10, 2007

Edgar Filing: WESTSPHERE ASSET CORP INC - Form 10QSB

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 connection with the offering of \$105,600 convertible debentures	Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000

Edgar Filing: WESTSPHERE ASSET CORP INC - Form 10QSB

- | | | |
|------|--|---|
| 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