

E-Debit Global Corp.  
Form 10-Q  
November 09, 2010

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: September 30, 2010

- o 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

E-DEBIT GLOBAL CORPORATION  
(Exact name of registrant as specified in its charter)

COLORADO  
(State or other jurisdiction of incorporation or organization)

98-0233968  
(IRS Employer Identification No.)

#12, 3620 – 29th Street NE  
Calgary, Alberta Canada T1Y 5Z8  
Telephone (403) 290-0264  
(Issuer's telephone number)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

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APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS  
DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes  No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of November 5, 2010, there were 16,326,884 outstanding shares of the Registrant's Common Stock, no par value and 14,171,180 shares of Preferred Stock, no par value.

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E-DEBIT GLOBAL CORPORATION

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For the quarterly period ended September 30, 2010

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## PART I - FINANCIAL INFORMATION

## ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

E-DEBIT GLOBAL CORPORATION  
(formerly Westsphere Asset Corporation, Inc.)  
Condensed Consolidated Balance Sheet

ASSETS	September 30, 2010 (Unaudited)	December 31, 2009
<b>CURRENT ASSETS</b>		
Cash	\$ 584,876	\$ 586,958
Accounts receivable net of allowance for doubtful accounts of \$1,192 and \$105,513	45,086	79,967
Other receivable – related parties	2,701	2,649
Inventory	175,719	151,136
Prepaid expense and deposit	15,535	5,018
Total current assets	823,917	825,728
Property and equipment, net of depreciation	683,767	161,722
Note receivable	155,497	152,510
Intangible Assets, net of amortization	128,803	129,204
Total assets	\$ 1,791,984	\$ 1,269,164
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 841,485	\$ 914,560
Accrued liabilities	216,170	264,434
Current portion of loans	161,328	220,187
Indebtedness to related parties	374,904	199,495
Total current liabilities	1,593,887	1,598,676
Shareholder loans	363,055	430,997
Loans payable, less current portion	—	—
Total liabilities	1,956,942	2,029,673
Minority interest in subsidiaries	—	—
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred stock – authorized 75,000,000 shares, no par value, 14,171,180 shares issued and outstanding at	1,400,855	1,400,855

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September 30, 2010 and 1,417,118 at December 31, 2009

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

14,751,884 shares issued and outstanding at September 30, 2010 and 3,391,726 at December 31, 2009

	1,842,556	754,824
Additional paid-in capital	615,789	311,444
Accumulated other comprehensive income	58,069	76,503
Accumulated deficit	(4,082,227 )	(3,304,135 )
Total stockholders' deficit	(164,958 )	(760,509 )
Total liabilities and stockholders' Deficit	\$ 1,791,984	\$ 1,269,164

See accompanying notes to consolidated financial statements

E-DEBIT GLOBAL CORPORATION  
(formerly Westsphere Asset Corporation, Inc.)  
Condensed Consolidated Statements of Operations  
For the nine Months Ended September 30,  
(Unaudited)

	2010	2009
Revenue -		
Equipment and supplies	\$ 7,674	\$ 24,076
Residual and interchange income	2,931,712	2,395,601
Other	55,057	153,005
Total revenue	2,994,443	2,572,682
Cost of sales -		
Equipment and supplies	7,089	21,637
Residual and interchange costs	2,017,221	1,627,847
Commissions	—	2,011
Other	407,737	316,510
Total cost of sales	2,432,047	1,968,005
Gross profit	562,396	604,677
Operating expenses -		
Depreciation and amortization	58,238	74,159
Consulting fees	128,406	110,944
Legal and accounting fees	51,426	11,430
Salaries and benefits	440,305	390,905
Stock-based compensation	304,345	—
Travel, delivery and vehicle expenses	52,764	88,551
Other	264,731	266,039
Total operating expenses	1,300,215	942,028
(-Loss-) from operations	(737,819 )	(337,351 )
Other income (expense) -		
Interest income	10	430
Other income	22,037	—
Interest expense	(62,320 )	(52,406 )
Net (-loss-) before income taxes	(778,092 )	(389,327 )
Provision for income taxes	—	—
Net (-loss-) from continuing operations	\$ (778,092 )	\$ (389,327 )
Discontinued operations		
Loss from operations of POS component, net of tax	—	(12,676 )
Loss on the disposal of POS component, net of tax	—	(443,549 )
Net (-loss-)	\$ (778,092 )	\$ (845,552 )

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Per-Share Amounts

Loss from continuing operations	\$	(0.08	)	\$	(0.65	)
Loss from discontinued operations		—			(0.77	)
Basic and diluted net (-loss-) per common share	\$	(0.08	)	\$	(1.42	)
Weighted average number of shares outstanding		9,301,215			591,726	
Other comprehensive income (loss) -						
Net (-loss-)	\$	(778,092	)	\$	(845,552	)
Foreign currency translation adjustment		(18,434	)		( 77,148	)
Total comprehensive (-loss-)	\$	(796,526	)	\$	(922,700	)

See accompanying notes to consolidated financial statements



E-DEBIT GLOBAL CORPORATION  
(formerly Westsphere Asset Corporation, Inc.)  
Condensed Consolidated Statements of Operations  
For the three Months Ended September 30,  
(Unaudited)

	2010	2009
Revenue -		
Equipment and supplies	\$ 995	\$ 4,451
Residual and interchange income	1,005,534	992,612
Other	25,490	99,053
Total revenue	1,032,019	1,096,116
Cost of sales -		
Equipment and supplies	2,381	4,200
Residual and interchange costs	695,475	690,594
Other	133,185	140,531
Total cost of sales	831,041	835,325
Gross profit	200,978	260,791
Operating expenses -		
Depreciation and amortization	20,830	37,120
Consulting fees	42,403	21,002
Legal and accounting fees	8,615	8,280
Salaries and benefits	141,077	142,425
Stock-based compensation	304,345	—
Travel, delivery and vehicle expenses	9,799	32,174
Other	98,759	76,226
Total operating expenses	625,828	317,227
(-Loss-) from operations	(424,850 )	(56,436 )
Other income (expense) -		
Interest income	—	9
Interest expense	(21,046 )	(18,944 )
Net (-loss-) before income taxes	(445,896 )	(75,371 )
Provision for income taxes	—	—
Net (-loss-) from continuing operations	\$ (445,896 )	\$ (75,371 )
Discontinued operations		
Loss from operations of POS component, net of tax	—	—
Loss on the disposal of POS component, net of tax	—	—
Net (-loss-)	\$ (445,896 )	\$ (75,371 )
Per-Share Amounts		
Loss from continuing operations	\$ (0.05 )	\$ (0.12 )

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Loss from discontinued operations	—	—
Basic and diluted net (-loss-) per common share	\$ (0.05 )	\$ (0.12 )
Weighted average number of shares outstanding	9,301,215	591,726
Other comprehensive income (loss) -		
Net (-loss-)	\$ (445,896 )	\$ (75,371 )
Foreign currency translation adjustment	(1,850 )	(42,819 )
Total comprehensive (-loss-)	\$ (447,746 )	\$ (118,190 )

See accompanying notes to consolidated financial statements

E-DEBIT GLOBAL CORPORATION  
(formerly Westsphere Asset Corporation, Inc.)  
Condensed Consolidated Statements of Changes in Stockholders' Deficit  
(Unaudited)

	Preferred Stock		Common Stock		Additional	Foreign	Accumulated	
	Shares	Amount	Shares	Amount	Paid-in	Currency	(Deficit)	Total
					Capital	Translation		
						Adjustment		
Balance, December 31, 2009	14,171,180	\$1,400,855	3,391,726	\$754,824	\$311,444	\$76,503	\$(3,304,135)	\$(760,509)
Exercise of options to officers for settlement of debts – related parties	—	—	530,000	37,100	—	—	—	37,100
Exercise of options to consultants for settlement of debts – related parties	—	—	1,090,000	76,300	—	—	—	76,300
Private offering issued for cash proceeds	—	—	974,205	97,442	—	—	—	97,442
Private offering issued for debt settlement	—	—	5,375,556	537,556	—	—	—	537,556
Private offering issued to officers for settlement of debts – related parties	—	—	1,446,053	144,877	—	—	—	144,877
Private offering issued to consultants	—	—	1,944,344	194,457	—	—	—	194,457

for settlement  
of debts –  
related parties

Stock based  
compensation  
resulting from  
granting of  
stock options  
to directors

—	—	—	—	304,345	—	—	304,345
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Net loss for  
the nine  
months ended  
September 30,  
2010

—	—	—	—	—	(18,434)	(778,092 )	(796,526)
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Balance,  
September 30,  
2010

14,171,180	\$1,400,855	14,751,884	\$1,842,556	615,789	\$58,069	\$(4,082,227)	\$(164,958)
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See accompanying notes to consolidated financial statements

E-DEBIT GLOBAL CORPORATION  
(formerly Westsphere Asset Corporation, Inc.)  
Condensed Consolidated Statement of Cash Flows  
For the nine Months Ended September 30,  
(Unaudited)

	2010	2009
Cash flows from operating activities:		
Net (loss) income from operations	\$(778,092 )	\$(845,552 )
Reconciling adjustments -		
Depreciation and amortization	58,238	74,159
Stock-based compensation	304,345	—
Other non-cash transactions	567,328	(295,622 )
Changes in operating assets and liabilities		
Accounts receivable	36,638	(153,114 )
Inventory	(21,393 )	(50,968 )
Prepaid expenses and other	(10,309 )	50,836
Accounts payable and accrued liabilities	(142,894 )	629,039
Net cash (used for) operations	13,861	(591,222 )
Cash flows from investing activities:		
Purchase of equipment	(590,483 )	(11,689 )
Disposal of equipment	4,510	3,453
Disposal of investment in POS component	—	443,549
Collections of loans receivable	—	9,512
Net cash (used for) provided by investing activities	(585,973 )	444,825
Cash flows from financing activities:		
Exercise of options	—	—
Private offering	97,442	—
Proceeds from loans	457,353	664,057
Repayments of loans	—	(53,155 )
Net cash provided by financing activities	554,795	610,902
Foreign currency translation adjustment	15,235	55,751
Net change in cash and cash equivalents	(2,082 )	520,256
Cash at beginning of year	586,958	69,280
Cash at end of year	\$584,876	\$589,536
Supplemental schedules:		
Cash paid for interest	\$50,400	\$45,899
Cash paid for income taxes	\$—	\$—
Noncash investing and financing activities		
Shares issued for the forgiveness of debt	\$990,290	\$—

See accompanying notes to consolidated financial statements



E-DEBIT GLOBAL CORPORATION

(formerly Westsphere Asset Corporation, Inc.)  
 Notes to the Condensed Consolidated Financial Statements  
 September 30, 2010 and 2009  
 (Unaudited)

Note 1 – Basis of Presentation and Nature of Operations

The accompanying consolidated balance sheet as of December 31, 2009 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 E-Debit Global Corporation (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 E-Debit Global Corporation 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, 2009 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 E-Debit Global Corporation 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.

Summary of ATMs and POSs sold and its gross profit during the year ended December 31, 2009 and September 30, 2010:

	# of sale	Gross Profit
December 31, 2009		
ATMs	3	\$ 662
POS	0	\$ 0
September 30, 2010		
ATMs	3	\$ 1,526
POS	0	\$ 0

ATM sales were low mainly due to E-Debit’s subsidiary Vencash Capital Corporation/Westsphere Systems Inc. (VCC/WSI) focusing on the placement and finance/lease program offered by an ATM supplier in year 2006. This finance/lease program provided VCC/WSI an opportunity to place more ATMs in the marketplace at a lower cost. However, the finance/lease program offered by the ATM supplier ended in 2008. After the program ended,

E-Debit did not work to facilitate growth opportunities in the ATM and POS business due to the condition of the financial market.

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

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## Note 2 – Recent Accounting Pronouncements

The FASB’s Accounting Standards Codification (ASC) is effective for all interim and annual financial statements issued after September 15, 2009. The ASC is now the single official source of authoritative, nongovernmental generally accepted accounting principles (GAAP) in the United States. The historical GAAP hierarchy was eliminated and the ASC became the only level of authoritative GAAP, other than guidance issued by the Securities and Exchange Commission. Our accounting policies were not affected by the conversion to ASC. However, we have conformed references to specific accounting standards in these notes to our consolidated financial statements to the appropriate section of ASC.

In October 2009, the FASB issued Accounting Standards Update, 2009-13, Revenue Recognition (ASC Topic 605): Multiple Deliverable Revenue Arrangements – A Consensus of the FASB Emerging Issues Task Force. This update provides application guidance on whether multiple deliverables exist, how the deliverables should be separated and how the consideration should be allocated to one or more units of accounting. This update establishes a selling price hierarchy for determining the selling price of a deliverable. The selling price used for each deliverable will be based on vendor-specific objective evidence, if available, third-party evidence if vendor-specific objective evidence is not available, or estimated selling price if neither vendor-specific or third-party evidence is available. The Company will be required to apply this guidance prospectively for revenue arrangements entered into or materially modified after January 1, 2011; however, earlier application is permitted. We have not determined the impact, if any, that this update may have on our financial statements.

In January 2010, the FASB issued guidance that requires reporting entities to make new disclosures about recurring or nonrecurring fair-value measurements including significant transfers into and out of Level 1 and Level 2 fair value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair value measurements. The guidance is effective for annual reporting periods beginning after December 15, 2009, except for Level 3 reconciliation disclosures that are effective for annual periods beginning after December 15, 2010. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

There were various other accounting standards and interpretations issued during 2010 and 2009, none of which are expected to have a material impact on the Company’s consolidated financial position, operations, or cash flows.

## Note 3 - Accounts Receivable

Accounts receivable consist of amounts due from customers. The nature of the receivables consists of equipment sale, parts and accessories, and service provided. The Company considers accounts more than 180 days old to be past due. This is so the Company can withhold the transactions revenue owed to the customers should their receivables become past due. The account is deemed uncollectible and written off when the site locations are out of business and or in receivership. The Company uses the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is written off against the allowance.

	2010	2009
Accounts Receivable		
Equipment	\$ 5,427	\$ 24,252
Services	4,985	36,550
Others	35,866	124,678
	46,278	185,480
Less: Allowance for doubtful accounts	( 1,192 )	(105,513 )
	\$ 45,086	\$ 79,967

The bad debt expense for the period ended September 30, 2010 and 2009 totaled \$19,242 and \$6,645, respectively. The bad debt is reflected in the accompanying consolidated Statements of Operations as Other operating expenses.

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## Note 4 – Inventory

Inventory consists of the following elements:

	Quantity	Cost
ATM	68	\$ 104,491
POS	10	2,028
Parts and accessories	3,113	69,200
Total		\$ 175,719

Inventories are valued at the lesser of cost (on a first-in, first-out method) or net realizable value.

## Note 5 – Deferred Costs/Intangible Assets

On November 9, 2007, E-Debit contracted with ACI Worldwide (through its wholly owned subsidiary WSI) to provide its ACI ‘Base 24 On Demand” (AOD) hosted solution for ATM and POS transaction acquiring, where WSI shares responsibilities with ACI as the transaction processor. ACI hosts the processing environment which is set up to specific requirements as set out by WSI which will supports WSI ATM and POS devices, debit and credit transaction processing and card management requirement that is unique and scalable to WSI current and future requirements and not shared with other ACI customers. ACI supplies Software acquisition, operation and maintenance, facilities, operations and environment development and maintenance and disaster recovery infrastructure and services whereby WSI supports, authorizes and distributes all settlements and revenues distributions through its account maintenance software developed by WSI and specific to ACI On Demand processing platform.

As a result WSI will process all transactions through its association with ACI hosted transaction processing solution; eliminating the costs, restrictions, and potential risks of relying on third party processors. Most importantly, the investment in the WSI role within the processing environment, or switch, will also enable E-Debit’s direct entry into new and emerging markets such as card management and processing.

The costs incurred to develop the in-house software to meet ACI specific configuration were initially capitalized as deferred costs.

E-Debit officially launched its switch in January 2009 and commenced rollover of ATMs to process all transactions through its association with ACI. The deferred costs were reclassified from deferred costs to intangible assets in 2009. Depreciation is calculated using a declining balance method over their 5 year contract with ACI.

Depreciation and amortization have been provided in amounts sufficient to recover asset costs over their estimated useful lives. Depreciation and amortization expense for the nine months ended September 30, 2010 and 2009 totaled \$19,518 and \$21,670, respectively.

Expected future depreciation and amortization of the intangible assets are as follows:

Year	Amount
2010	\$ 25,384
2011	\$ 20,307
2012	\$ 16,246
2013	\$ 12,996

2014 \$ 10,397

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#### Note 6 – Notes Receivable

The note receivable total of \$155,497 (\$160,000 CDN), carries no interest rate, and requires no monthly payments. The purpose of this note receivable is to supply vault cash to E-Debit's wholly owned subsidiary Vencash's customer-owned ATM equipment and site locations. Revenue from this note is generated from surcharge transactions at a rate of \$0.47 (\$0.50 CDN) per transaction.

Vencash supplies vault cash to these site locations because its customers do not have sufficient vault cash for these site locations. Vencash has subcontracted an armored car service to delivery vault cash to these site locations. The armored car company is accountable for the rotation of the cash. The Company is secured with a note receivable where the Company can demand funds be returned at anytime.

This note receivable is reflected in the accompanying consolidated balance sheet as note receivable.

#### Note 7– Loans Payable

In September 2007, Vencash entered into a loan agreement with an initial term of twelve months totaling \$97,186 (\$100,000 CDN) with an external arms-length investor, bearing interest at 12% per annum, with blended monthly payments of interest only of \$961 (\$1,000 CDN). The initial term may be automatically extended for further six (6) month terms (a "renewal period") after the end of the initial term or terminated subject to mutual termination agreements. The investor must give a written notice not less than 90 days before the end of the initial term or renewal period, whichever the case may be, to not renew the loan agreement. Vencash must notify the investor not less than 60 days before the end of the initial term or renewal period, its intention to terminate the loan. Currently, no written notice has been received from the investor to Vencash or vice versa. The purpose of the loan is to supply vault cash to Vencash's customer-owned ATM equipment and site locations. Vencash supplies vault cash to these site locations because its customers do not have sufficient vault cash for these site locations.

The loan amount has been forwarded to an armored car company that supplies vault cash to these site locations. The armored car company is accountable for the rotation of the cash and has signed a note receivable for the amount (see note 6).

As of September 30, 2010, the balance is \$97,186 (\$100,000 CDN). This loan is reflected in the accompanying consolidated balance sheet as current portion of loans.

In November 2007, Westsphere's subsidiary Westsphere Systems Inc. (WSI) raised \$127,313 (\$131,000 CDN) through a loan agreement with an initial term of twenty-four months with an external arms-length investor, bearing interest at 12% per annum, with blended monthly payments of interest only of \$1,071 (\$1,310 CDN). The initial term may be automatically extended for further twelve month terms (a "renewal period") after the end of the initial term or terminated subject to mutual termination agreements. The investor must give a written notice not less than 90 days before the end of the initial term or renewal period, whichever the case may be, to not renew the loan agreement. Vencash must notify the investor not less than 30 days before the end of the initial term or renewal period, its intention to terminate the loan. Currently, no written notice has been received from the investor to WSI or vice versa. The purpose of the loan is to fund the switch development project. In February 2010, the loan was reduced by \$63,171 (\$65,000 CDN) to purchase E-Debit's private offering memorandum of 622,123 common shares at \$0.10 per share.

As of September 30, 2010, the balance is \$64,142 (\$66,000 CDN). This loan is reflected in the accompanying consolidated balance sheet as current portion of loans.

#### Note 8 – Commitments and Contingencies

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The Company leases real estate (office and warehouse space) under non-cancelable operating leases that expire on varying dates through 2014.

The Company leases additional real estate (office and warehouse space) for an “Initial Term” commencing June 1, 2010 on a month to month basis. The company may renew the Lease on a monthly basis by giving notice to the Landlord not less than thirty (30) days prior to the expiration of the Initial Term.

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The Company also has various obligations for auto and equipment leases through 2013.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year are as follows:

	Real Estate	Other
2011	\$ 68,298	\$ 9,721
2012	\$ 68,298	\$ 7,729
2013	\$ 68,298	\$ 2,320
2014	\$ 17,074	\$ —
	2010	2009
Rental expense	\$118,768	\$116,398

On April 7, 2004, the Company sued Fred and Linda Sebastian to recover an outstanding loan of \$80,000 (CDN) plus interest and court costs. The Company has reserved this amount due to the uncertainty of recovery. The defendant has withdrawn the counterclaim. As of March 2008, no further actions were filed by either party.

On May 28, 2004 Peter Gregory filed an action in the Ontario Superior Court of Justice against Vencash Capital Corporation. Peter Gregory was a Vencash distributor and agent who filed the action related to a claim of wrongful dismissal from Vencash of \$260,000 (CDN). On July 30, 2004 Vencash filed a Statement of Defense and Counterclaim in the amount of \$1,600,000 for breach of contract, breach of confidence, breach of fiduciary duties, interference with economic relations, damages for inducing breach of contract, and punitive damages. The Company believes the claim by Gregory to be without merit and has not accrued a liability for the claim. As of April 2009, the court actions and negotiation with Peter Gregory have been terminated with the withdrawal of the company lawyer. No further actions were filed by either party.

#### Note 9 – Related Party

The Company expensed \$23,077 (\$24,000 CDN) during the third quarter of 2010 for consulting and management services to an affiliated company that is controlled by the Company’s president. This expense is reflected in the accompanying consolidated Statements of Operations as a Consulting fees.

The Company expensed \$69,464 (\$72,000 CDN) for the nine month period ending September 30, 2010 for consulting and management services to an affiliated company that is controlled by the Company’s president. This expense is reflected in the accompanying consolidated Statements of Operations as Consulting fees.

The following table summarizes the Company’s indebtedness to related parties transactions as at September 30, 2010:

Payable to:	Amount
A loan advanced from E-Debit’s President for working capital.	\$ 49,537
A loan advanced from an affiliated company that is controlled by E-Debit’s President for working capital.	179,659
A loan advanced from E-Debit’s vice President for working capital.	2,851
A loan advanced from E-Debit’s officers for working capital.	25,484
A loan advanced from E-Debit’s directors for working capital.	70,035
Officers’ and Directors’ bonuses payable carried forward from year 2002	47,338
Total	\$ 374,904

The above obligations are reflected in the accompanying consolidated balance sheet as indebtedness to related parties.

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## Note 10 – Shareholder’s Deficit

### Stock Award Plan

#### Exercise of options to officers for settlement of debts – related parties

In May 2010, a director exercised his options of 265,000 common shares at \$0.07 per share for a total of \$18,550. The issuance of 265,000 shares was issued as the settlement of \$18,550 of debt.

In July 2010, a director exercised his options of 265,000 common shares at \$0.07 per share for a total of \$18,550. The issuance of 265,000 shares was issued as the settlement of \$18,550 of debt.

#### Exercise of options to consultants for settlement of debts – related parties

In February 2010, a consultant exercised his options of 500,000 common shares at \$0.07 per share for a total of \$35,000. The issuance of 500,000 shares was issued as the settlement of \$35,000 of debt owed to an affiliated company that is controlled by the Company’s president.

In May 2010, a consultant exercised his options of 90,000 common shares at \$0.07 per share for a total of \$6,300. The issuance of 90,000 shares was issued as the settlement of \$6,300 of debt owed to an affiliated company that is controlled by the Company’s president.

In September 2010, a consultant exercised his options of 500,000 common shares at \$0.07 per share for a total of \$35,000. The issuance of 500,000 shares was issued as the settlement of \$35,000 of debt owed to an affiliated company that is controlled by the Company’s president.

### Private Offering

In March 2010, the board after reviewing the business of operations as a whole have determined that it is in the best financial interests for the Corporation to raise additional funds through private offering memorandum for up to 12,500,000 units of Common Stock at \$0.10 per share. The use of the proceeds from this offering is to be allocated to support the switch operations, purchasing of software and hardware, and general and administrative costs. The completion of the offering has been extended to be completed by the end of the year 2010.

#### Private offering issued for cash proceeds

In February 2010, E-Debit issued 459,205 common shares to investors from the private offering at \$0.10 per share or \$45,942 for cash.

In June 2010, E-Debit issued 500,000 common shares to an investor from the private offering at \$0.10 per share or \$50,000 for cash.

In August 2010, E-Debit issued 15,000 common shares to an investor from the private offering at \$0.10 per share or \$1,500 for cash.

#### Private offering issued for settlement of debt

In June 2010, E-Debit issued 5,375,556 common shares to a supplier from the private offering at \$0.10 per share or \$537,556. The issuance of 5,375,556 shares was issued as the settlement of \$537,556 of debt owed to a supplier.



Private offering issued to officers for settlement of debts – related parties

In May 2010, E-Debit issued 946,053 common shares from the Private Offering Memorandum at \$0.10 per share or \$94,887. 181,313 common shares were issued to two of the executive officers and 764,740 common shares were issued to a director.

The issuance of 181,313 shares to two of the executive officers was issued as the settlement of \$18,131 of debt owed to officers.

The issuance of 764,740 shares to a director was issued as the settlement of \$76,746 of debt owed to a director.

In July 2010, E-Debit issued 500,000 common shares to a director from the private offering at \$0.10 per share or \$50,000. The issuance of 500,000 shares was issued as the settlement of \$50,000 of debt owed to a director.

Private offering issued to consultants for settlement of debts – related parties

In February 2010, E-Debit issued 622,123 common shares to an investor from the private offering at \$0.10 per share or \$62,212. The issuance of 622,123 shares was issued as the settlement of \$62,212 of debt owed to an affiliated company that is controlled by the Company's president.

In May 2010, E-Debit issued 664,198 common shares to an investor from the private offering at \$0.10 per share or \$66,443. The issuance of 664,198 shares was issued as the settlement of \$66,443 of debt owed to an affiliated company that is controlled by the Company's president.

In June 2010, E-Debit issued 500,000 common shares to an investor from the private offering at \$0.10 per share or \$50,000. The issuance of 500,000 shares was issued as the settlement of \$50,000 of debt owed to an affiliated company that is controlled by the Company's president.

In July 2010, E-Debit issued 100,000 common shares to an investor from the private offering at \$0.10 per share or \$10,000. The issuance of 100,000 shares was issued as the settlement of \$10,000 of debt owed to an affiliated company that is controlled by the Company's president.

In August 2010, E-Debit issued 58,023 common shares to an investor from the private offering at \$0.10 per share or \$5,802. The issuance of 58,023 shares was issued as the settlement of \$5,803 of debt owed to an affiliated company that is controlled by the Company's president.

Note 11 – Subsequent Events

In October 2010, E-Debit's Board of Directors approved a forward split of all classes of shares on a 5 for 1 basis. The effective date is expected to be November 8, 2010.

In October 2010, E-Debit decided to sell 40 common shares (41%) of the issued and outstanding shares held in its wholly owned subsidiary, 1105725 Alberta Ltd. o/a Personal Financial Solutions (PFS) at \$1.00 per share. The common shares were sold to a number company that is controlled by an officer of E-Debit. The purchaser agrees that the current outstanding advances made to the company by E-Debit will remain outstanding and owed by the Company to E-Debit. As a result of the sale transaction, E-Debit remains a 10% shareholder in Personal Financial Solutions. The sale transaction will save administration and audit costs to E-Debit. E-Debit did not restate its financial statements to deconsolidate the PFS subsidiary, as PFS's balances are immaterial to E-Debit's consolidated financial statements. PFS has had no active business activities for the last four years. PFS had total assets and an accumulated deficit of \$497 and \$37,826, respectively, at September 30, 2010.

In October 2010, cash advanced of \$26,240 from a company controlled by E-Debit's President to support the switch operations and general and administrative costs.

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In October 2010, E-Debit issued 130,000 common shares to consultants from the Stock Award Plan pursuant to the exercise of stock option at \$0.07 per share or \$9,100. The issuance of 130,000 shares to consultants was issued as the settlement of \$9,100 of debt owed to an affiliated company that is controlled by the Company's president.

In October 2010, E-Debit issued 1,445,000 common shares from the Private Offering at \$0.10 per share or \$144,500. 900,000 common shares were issued to consultants, 200,000 common shares were issued to an external director's affiliated company and 345,000 common shares were issued to an executive officer's affiliated company.

The issuance of 900,000 shares to consultants was issued as the settlement of \$90,000 of debt owed to an affiliated company that is controlled by the Company's president.

The issuance of 200,000 shares to an external director's affiliated company was issued as the settlement of \$20,000 of debt owed to an external director.

The issuance of 345,000 shares to an executive officer's affiliated company was issued as the settlement of \$34,500 of debt owed to an affiliated company that is controlled by the Company's president.

#### Note 12 – Going Concern

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has incurred net losses for the period ended September 30, 2010 and 2009, and as of September 30, 2010, had a working capital deficit of \$769,970 and an accumulated deficit of \$4,082,227. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management recognizes that the Company must generate additional resources to enable it to continue operations. Management intends to raise additional funds through debt financing and equity financing or through other means that it deems necessary, with a view to moving forward and sustaining a prolonged growth in its strategy phases. However, no assurance can be given that the Company will be successful in raising additional capital. Furthermore, management is in the process of restructuring, reorganizing and consolidating all operations to one entity in order to save costs. In addition, there is no demand for payment on the accounts payable to related parties of \$374,904 and shareholder loans of \$363,055 as these liabilities are owed to internal officers and directors. Further, even if the Company raises additional capital, there can be no assurance that the Company will achieve profitability or positive cash flow. If management is unable to raise additional capital and expected significant revenues do not result in positive cash flow, the Company will not be able to meet its obligations and may have to cease operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Current Corporate Structure – September 30, 2010

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## Plan of Operations

### Results of Operations – Three Month Period

During the three (3) month period of operations ending September 30, 2010, E-Debit and its subsidiaries generated a net loss from operations of \$445,896, while a net loss from operations of \$75,371 was realized for the same period from the previous year. The increase in net loss of \$370,525 over the same period from the previous year was mainly caused by the stock-based compensation of \$304,345, a decrease in gross profit of \$59,813, and an increase in other expenses of \$22,533. The increase in net loss is partially offset against a decrease in Travel, delivery and vehicle expenses of \$22,375 over the same period from the previous year.

On August 15, 2010, the Company has approved the 2010 Option Grant to the Directors of the company, at a duly called Shareholder meeting on March 27, 2010. The maximum number of shares that may be optioned or awarded under the plan is 4,400,000 at \$0.20 per share. The stock-based compensation expense of \$304,345 was determined by using the Black Schole calculation.

The decrease in gross profit was primarily caused a decrease in other revenue of \$73,563 and an increase in residual and interchange costs cost of sales of \$4,881. The decrease is partially offset against an increase in residual and interchange income of \$12,922, and a decrease in other cost of sales of \$7,346.

The significant decrease in other revenue was related to the overpayment from the finance/lease program to the major ATM suppliers over the same period from the previous year. This is due to changes within the organization of a major ATM supplier where they mistakenly continued to charge on ATMs that are already paid in full.

The increase in residual and interchange income was related to the switch operations. E-Debit has officially launched its switch in January 2009 and commences rollover of ATMs to process all transactions through its association with ACI. The increase is partially offset against an increase in residual and interchange costs cost of sales.

The decrease in other cost of sales was mainly related to a decrease in vehicle expense.

The increase in other operating expenses was mainly related to an increase in rent of \$20,487. The increase in rent was for the additional office space required for the switch operations. The lease agreement was signed on June 1, 2010.

The decrease in travel, delivery and vehicle expenses was related to two of the lease vehicle agreements have been expired and are returned to the dealership in the last quarter of year 2009.

To this date, 700 ATM are being processed between three switches. There was no change in operations during the year 2010 as compared to prior year.

### Results of Operations – Nine Month Period

During the nine (9) month period of operations ending September 30, 2010, E-Debit and its subsidiaries generated a net loss from operations of \$778,092, while a net loss from operations of \$845,552 was realized for the same period from the previous year. The decrease in net loss of \$67,460 over the same period from the previous year was mainly caused by a loss on the discontinued operations, net of tax of \$456,225, a decrease in travel, delivery and vehicle expenses of \$35,787, and an increase in other income of \$22,037. The decrease in net loss is partially offset against a decrease in gross profit of \$42,281, an increase in legal and accounting fees of \$39,996, an increase in salaries and

benefits of \$49,400, a stock-based compensation of \$304,345, and an increase in interest expense of \$9,914 over the same period from the previous year.

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The loss on the discontinued operations, net of tax of \$456,225 was related to E-Debit written off its investment in E-Debit's majority controlled subsidiary TRAC in previous year.

The decrease in travel, delivery and vehicle expenses was related to two of the lease vehicle agreements have been expired and are returned to the dealership in the last quarter of year 2009.

The increase in other income was caused by the return of POS surcharge income of \$9,602 from ATS collected on behalf of TRAC. TRAC's assets is sold on October 9, 2009 and all the proceed uses to repaid the first secured creditor. As a result, E-Debit has written off its investment in TRAC. The balance of \$12,435 is related to various other software and services revenue.

The decrease in gross profit was primarily caused a decrease in other revenue of \$97,948, an increase in residual and interchange costs cost of sales of \$389,374, and an increase in other cost of sales of \$91,227. The decrease is partially offset against an increase in residual and interchange income of \$536,111.

As mentioned above, the significant decrease in other revenue was related to the overpayment from the finance/lease program to the major ATM suppliers over the same period from the previous year. This is due to changes within the organization of a major ATM supplier where they mistakenly continued to charge on ATMs that are already paid in full.

The increase in residual and interchange income was related to the switch operations. E-Debit has officially launched its switch in January 2009 and commences rollover of ATMs to process all transactions through its association with ACI. The increase is partially offset against an increase in residual and interchange costs cost of sales.

The increase in legal and accounting fees was mainly due to the SEC filing services, switch audit fees, and e-Debit's subsidiary involved in civil claims which have arisen in the normal course of business.

The increase in salaries and benefits was primarily due to the addition of 3 positions during the year 2010: two junior accountants and a programmer.

As mentioned above, on August 15, 2010, the Company has approved the 2010 Option Grant to the Directors of the company, at a duly called Shareholder meeting on March 27, 2010. The maximum number of shares that may be optioned or awarded under the plan is 4,400,000 at \$0.20 per share. The stock-based compensation expense of \$304,345 was determined by using the Black Schole calculation.

The increase in interest expense was due to interest charge for the late payment to vendors during the year.

In October 2010, E-Debit's Board of Director approved a forward split of all classes of shares on a 5 for 1 basis. The effective date is expected to be November 8, 2010.

In October 2010, E-Debit decided to sell 40 common shares (41%) of the issued and outstanding shares held in its wholly owned subsidiary, 1105725 Alberta Ltd. o/a Personal Financial Solutions (PFS) at \$1.00 per share. The common shares were sold to a number company that is controlled by an officer of E-Debit. The purchaser agrees that the current outstanding advances made to the company by E-Debit will remain outstanding and owed by the Company to E-Debit. As a result of the sale transaction, E-Debit remains a 10% shareholder in Personal Financial Solutions. The sale transaction will save administration and audit costs to E-Debit. E-Debit did not restate its financial statements to deconsolidate the PFS subsidiary, as PFS's balances are immaterial to E-Debit's consolidated financial statements. PFS has had no active business activities for the last four years. PFS had total assets and an accumulated deficit of \$497 and \$37,826, respectively, at September 30, 2010.



E-Debit and its subsidiaries currently did not generate sufficient revenues to meet overhead needs. This is due to E-Debit switch operations which was launched in January 2009 and commence rollover of ATMs to process all transactions. The switch operations currently did not generate sufficient revenue to cover its expenses. E-Debit believes that until the rollover of ATMs is completed, the switch operations will generate sufficient revenues to meet its overhead needs. This is due to E-Debit will process all transactions through its association with ACI thereby eliminating the costs, restrictions, and potential risks of relying on third party processors. E-Debit expects the rollover of ATMs to be completed by the third quarter of this year. As of November 3, 2010, 545 ATM's or 77% were under Westsphere Systems processing.

In addition, E-Debit continues experiencing a steady decrease in gross profit. Management recognizes that the Company must generate additional resources to enable it to continue operations. Management intends to raise additional funds through debt financing and equity financing or through other means that it deems necessary, with a view to moving forward and sustaining a prolonged growth in its strategy phases. However, no assurance can be given that the Company will be successful in raising additional capital.

E-Debit believes that the continued investment from related parties and outside investors will continue to produce sufficient ongoing funding to meet its current and future financial requirements.

In order to meet its growth plan, E-Debit will continue to be dependent on equity funds raised, joint venture arrangements and/or loan proceeds. E-Debit believes that it will continue as a going concern with the present revenues from its subsidiary Westsphere Systems Inc. and loan advanced by the related parties but it would be unable to meet its market growth projections without further funding outside of the ongoing revenue from operations of Westsphere Systems Inc.

As mentioned above, E-Debit believes that its subsidiary Westsphere Systems Inc. will generate sufficient ongoing revenues once the rollover of ATMs is completed and loan advanced by the related parties to ensure that E-Debit is a going concern.

#### Changes in Financial Position

During the nine (9) month period ending September 30, 2010, total assets increased from \$1,269,164 to \$1,791,984. The increase is primarily due to an increase in property and equipment, net of depreciation of \$522,045.

The significant increase in property and equipment, net of depreciation was mainly caused by the purchase of computer hardware and software for the card management systems in June 2010. The software and computer hardware was purchased as a turnkey operating system which focused on a loyalty based platform. At present time the system is being expanded from its loyalty based platform to cash based platform.

As of September 30, 2010, E-Debit's current liabilities consisted of accounts payable of \$841,485, accrued liabilities of \$216,170, current portion of loans of \$161,328, and indebtedness to related parties of \$374,904.

Accounts payable and accrued liabilities include a payable of \$698,487 for the return of surcharge and interchange; legal and accounting fees of \$113,830; telephone expense of \$30,279; switch and hosting fees of \$119,975; accrued vacation payable of \$8,483; and \$86,601 due for consulting services, office expenses and various other general fees and charges.

In September 2007, Vencash entered into a loan agreement with an initial term of twelve months totaling \$97,186 (\$100,000 CDN) with an external arms-length investor, bearing interest at 12% per annum, with blended monthly payments of interest only of \$961 (\$1,000 CDN). The initial term may be automatically extended for further six (6) month terms (a "renewal period") after the end of the initial term or terminated subject to mutual termination

agreements. The investor must give a written notice not less than 90 days before the end of the initial term or renewal period, whichever the case may be, to not renew the loan agreement. Vencash must notify the investor not less than 60 days before the end of the initial term or renewal period, its intention to terminate the loan. Currently, no written notice has been received from the investor to Vencash or vice versa. The purpose of the loan is to supply vault cash to Vencash's customer-owned ATM equipment and site locations. Vencash supplies vault cash to these site locations because its customers do not have sufficient vault cash for these site locations.

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The loan amount has been forwarded to an armored car company that supplies vault cash to these site locations. The armored car company is accountable for the rotation of the cash and has signed a note receivable for the amount.

As of September 30, 2010, the balance is \$97,186 (\$100,000 CDN). This loan is reflected in the accompanying consolidated balance sheet as current portion of loans.

In November 2007, Westsphere's subsidiary Westsphere Systems Inc. (WSI) raised \$127,313 (\$131,000 CDN) through a loan agreement with an initial term of twenty-four months with an external arms-length investor, bearing interest at 12% per annum, with blended monthly payments of interest only of \$1,071 (\$1,310 CDN). The initial term may be automatically extended for further twelve month terms (a "renewal period") after the end of the initial term or terminated subject to mutual termination agreements. The investor must give a written notice not less than 90 days before the end of the initial term or renewal period, whichever the case may be, to not renew the loan agreement. Vencash must notify the investor not less than 30 days before the end of the initial term or renewal period, its intention to terminate the loan. Currently, no written notice has been received from the investor to WSI or vice versa. The purpose of the loan is to fund the switch development project. In February 2010, the loan was reduced by \$63,171 (\$65,000 CDN) to purchase E-Debit's private offering memorandum of 622,123 common shares at \$0.10 per share.

As of September 30, 2010, the balance is \$64,142 (\$66,000 CDN). This loan is reflected in the accompanying consolidated balance sheet as current portion of loan.

The following table summarizes the Company's indebtedness to related parties transactions as at September 30, 2010:

Payable to:	Amount
A loan advanced from E-Debit's President for working capital.	\$ 49,537
A loan advanced from an affiliated company that is controlled by E-Debit's President for working capital.	179,659
A loan advanced from E-Debit's vice President for working capital.	2,851
A loan advanced from E-Debit's officers for working capital.	25,484
A loan advanced from E-Debit's directors for working capital.	70,035
Officers' and Directors' bonuses payable carried forward from year 2002	47,338
<b>Total</b>	<b>\$ 374,904</b>

The above obligations are reflected in the accompanying consolidated balance sheet as indebtedness to related parties.

Long term liabilities as at September 30, 2010 consisted of a shareholder loans totaling \$363,055. E-Debit's shareholder loans related to cash advance from the directors total \$271,215 with no interest and specific terms of repayment. The remaining balance of shareholder loans total \$91,840 consist of a loan advance from a shareholder of \$48,593 has an interest rate of 9% per annum with no specific terms of repayment, and a loan advance from E-Debit's vice president total \$43,247 has an interest rate of 12% per annum with no specific terms of repayment.

Shareholders' deficit as of September 30, 2010 was negative \$164,958, inclusive of an accumulated loss from operations of \$4,082,227, as compared to shareholders deficit negative of \$760,509 as of December 31, 2009. The decrease in shareholders' deficit of \$595,551 was primarily due the issuance of common stock of \$1,087,732 and the additional paid-in capital of \$304,345. The decrease in shareholders' deficit is partially offset against the current period deficit of \$778,092 and a decrease in accumulated other comprehensive income of \$18,434.

During the nine (9) month period ending September 30, 2010, E-Debit raised \$457,353 cash advance from directors to support the switch operations and general and administrative costs.

During the nine (9) month period ending September 30, 2010, E-Debit raised \$1,087,732. \$113,400 was raised through stock award plan and issued 1,620,000 common shares at \$0.07 per share and \$974,332 was raised through private offering memorandum and issued 9,740,158 common shares at \$0.07 per share.

The issuance of 1,620,000 shares from the Stock Award Plan was issued as the settlement of \$113,400 of debt owed to related parties. The following table summarizes the Stock Award Plan transactions:

Stock Award Plan

	Month	Common Shares	\$ per share	Settlement of Debt – Related Parties
Exercise of options to a director for settlement of debts owed to a director	May 2010	265,000	\$0.07	\$18,550
Exercise of options to a director for settlement of debts owed to a director	July 2010	265,000	\$0.07	\$18,550
Exercise of options to a consultant for settlement of debts owed to a company that is controlled by the Company's president	February 2010	500,000	\$0.07	\$35,000
Exercise of options to a consultant for settlement of debts owed to a company that is controlled by the Company's president	May 2010	90,000	\$0.07	\$6,300
Exercise of options to a consultant for settlement of debts owed to a company that is controlled by the Company's president	September 2010	500,000	\$0.07	\$35,000
Total		1,620,000		\$113,400

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The issuance of 9,740,158 shares at \$0.10 per shares from the Private Offering Memorandum was issued for cash of \$97,442, the settlement of \$537,556 of debt, and settlement of \$339,334 of debt owed to related parties. The following table summarizes the Private Offering Memorandum transactions:

Private Offering Memorandum

	Month	Common Shares	\$ per share	Cash	Settlement of Debt	Settlement of Debt – Related Parties
Private offering issued to investors for cash	February 2010	459,205	\$0.10	\$45,942		
Private offering issued to investors for cash	June 2010	500,000	\$0.10	\$50,000		
Private offering issued to investors for cash	August 2010	15,000	\$0.10	\$1,500		
Private offering issued to a supplier for settlement of debt	June 2010	5,375,556	\$0.10		\$537,556	
Private offering issued to two executive officers for settlement of debts owed to officers	May 2010	181,313	\$0.10			\$18,313
Private offering issued to a director for settlement of debts owed to a director	May 2010	764,740	\$0.10			\$76,746
Private offering issued to a director for settlement of debts owed to a director	July 2010	500,000	\$0.10			\$50,000
Private offering issued to an investor for settlement of debts owed to an affiliated company that is controlled by the Company's president	February 2010	622,123	\$0.10			\$62,212
Private offering issued to an investor for settlement of debts owed to an affiliated company that is controlled by the Company's president	May 2010	664,198	\$0.10			\$66,443
Private offering issued to an investor for settlement of debts owed to an affiliated company that is controlled by the Company's president	June 2010	500,000	\$0.10			\$50,000
Private offering issued to an investor for settlement of debts owed to an	July 2010	100,000	\$0.10			\$10,000

affiliated company that is controlled by the Company's president

Private offering issued to an investor for settlement of debts owed to an affiliated company that is controlled by the Company's president

August 2010	58,023	\$0.10			\$5,802
<b>Total</b>	<b>9,740,158</b>		<b>\$97,442</b>	<b>\$537,556</b>	<b>\$339,334</b>



## Liquidity and Capital Resources

### Summary of Working Capital and Stockholders' Equity

As of September 30, 2010, the Company had working capital deficit of \$769,970 and Stockholders' Deficit of \$164,958 compared with working capital deficit of \$772,948 and Stockholders' Deficit of \$760,509 as of December 31, 2009. The Company's working capital deficit has decreased principally as a result of a decrease in accounts payable of \$73,075, a decrease in accrued liabilities of \$48,264, a decrease in current portion of loans of \$58,859, an increase in inventory of \$24,583, and an increase in prepaid expense and deposit of \$10,517. The decrease is partially offset against a decrease in cash of \$2,082, a decrease in accounts receivable net of allowance for doubtful of \$34,881 and an increase in indebtedness to related parties of \$175,409.

The increase in indebtedness to related parties is from E-Debit's directors and officers advanced deposits to support E-Debit operations.

Stockholders' Deficit decreased as a result of the issuance of common stock of \$1,087,732 and additional paid-in capital of \$304,345. The decrease in shareholders' deficit is partially offset against the current period deficit of \$778,092 and a decrease in accumulated other comprehensive income of \$18,434.

The Company's consolidated operations during the nine (9) month period resulted in the provider of net cash of \$13,861, compared to the used of net cash in the amount of \$591,222 during the same period from the previous year. This decrease in the use of net cash flow from operations was the result of a decrease in net loss from operations of \$67,460, an increase in stock-based compensation of \$304,345, an increase in other non-cash transactions of \$862,950, an increase in accounts receivable of \$189,752, and a decrease in inventory of \$29,575. The decrease in the use of net cash is partially offset against a decrease in prepaid expenses and other of \$61,145, and a decrease in accounts payable and accrued liabilities of \$771,933.

Investing activities during the nine (9) month period resulted in the used of net cash of \$585,973, which was caused by the purchase of equipment for card management systems.

Financing activities during the nine (9) month period resulted in the provided of net cash of \$554,795, which was caused by the proceeds from private offering memorandum of \$97,442 and the proceeds from loans of \$457,353.

### Liquidity

E-Debit and its subsidiaries currently did not generate sufficient revenues to meet overhead needs. This is due to E-Debit switch operations which was launched in January 2009 and commence rollover of ATMs to process all transactions. The switch operations currently did not generate sufficient revenue to cover it expenses. The shortages of funds raise substantial doubt as to the Company's ability to continue as a going concern.

Management recognizes that the Company must generate additional resources to enable it to continue operations. Management intends to raise additional funds through debt financing and equity financing or through other means that it deems necessary, with a view to moving forward and sustaining a prolonged growth in its strategy phases. However, no assurance can be given that the Company will be successful in raising additional capital.

In October 2010, cash advanced of \$26,240 from a company controlled by E-Debit's President to support the switch operations and general and administrative costs.

In October 2010, E-Debit issued 130,000 common shares to consultants from the Stock Award Plan pursuant to the exercise of stock option at \$0.07 per share or \$9,100. The issuance of 130,000 shares to consultants was issued as the settlement of \$9,100 of debt owed to an affiliated company that is controlled by the Company's president.

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In October 2010, E-Debit issued 1,445,000 common shares from the Private Offering at \$0.10 per share or \$144,500. 900,000 common shares were issued to consultants, 200,000 common shares were issued to an external director's affiliated company and 345,000 common shares were issued to an executive officer's affiliated company.

The issuance of 900,000 shares to consultants was issued as the settlement of \$90,000 of debt owed to an affiliated company that is controlled by the Company's president.

The issuance of 200,000 shares to an external director's affiliated company was issued as the settlement of \$20,000 of debt owed to an external director.

The issuance of 345,000 shares to an executive officer's affiliated company was issued as the settlement of \$34,500 of debt owed to an affiliated company that is controlled by the Company's president.

Furthermore, there is no demand for payment on the accounts payable to relate parties of \$374,904 and shareholders' loan of \$363,055 as these liabilities are owed to internal officers and directors. E-Debit believes that the investment from related parties, outside investors, and private offering memorandum will continue to produce sufficient ongoing funding to meet its current and future financial requirements.

E-Debit did not raise funds this year to facilitate Westsphere Systems growth opportunities due to the condition of Corporations' financial market.

In order to meet its growth plan, E-Debit will continue to be dependent on equity funds raised, joint venture arrangements and/or loan proceeds. E-Debit believes that it will continue as a going concern with the present revenues from its subsidiary Westsphere Systems Inc., but it would be unable to meet its market growth projections without further funding outside of the ongoing revenue from operations of Westsphere Systems Inc.

#### Capital Resources

The primary capital resources of E-Debit are its consolidated business operations as well as equity funds raised, joint venture arrangements and/or loan proceeds.

#### Off-Balance Sheet Arrangements

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

#### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

N/A

#### ITEM 4. 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 September 30, 2010 (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.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no changes since the filing of the 10K on December 31, 2009.

ITEM 1A. RISK FACTORS

N/A

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There are no changes since the filing of the 10K on December 31, 2009.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) The following exhibits are filed with this report.

- 31.1 Certification by Chief Executive Officer pursuant to Sarbanes Oxley Section 302.
- 31.2 Certification by Chief Financial Officer pursuant to Sarbanes Oxley Section 302.
- 32.1 Certification by Chief Executive Officer pursuant to 18 U.S. C. Section 1350
- 32.2 Certification by Chief Financial Officer pursuant to 18 U.S. C. Section 1350

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.

E-DEBIT GLOBAL CORPORATION

By: /s/ Douglas MacDonald  
Name: Douglas MacDonald  
Title: President  
Date: November 9, 2010

By: /s/ Kim Law  
Name: Kim Law  
Title: Principal Financial Officer and Accounting Officer

Date: November 9, 2010

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