E-Debit Global Corp.
Form 10-K
April 15, 2013
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012

o TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 0-32501

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

Colorado	98-0233968
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
#12, 3620 – 29th Street NE Calgary Alberta Canada	T1Y 5Z8
(Address of principal executive offices)	(Zip Code)

(403) 290 0264
Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock
Title of Class

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes o No x

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 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 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 x No o

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o	Smaller reporting Corporation x

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

The aggregate market value of the Common Stock of E-Debit Global Corporation held by non-affiliates as of the last business day of the registrant's most recently completed second fiscal quarter: (248,923,808 shares) based on the closing price of the common stock of $1,244,619.

As of March 31, 2013 there were 320,046,834 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None.

NOTE REGARDING FORWARD LOOKING STATEMENTS

This Form 10-K and the documents we incorporate by reference contain certain forward-looking statements that involve a number of risks and uncertainties. These statements, in addition to statements made in conjunction with the words “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” and similar expressions, are forward-looking state within the meaning of the Safe Harbor provision of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements relate to future events or our future financial performance and only reflect management’s expectations and estimates. The following is a list of factors, among others, that could cause actual results to differ materially from the forward-looking statements:

We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Form 10-K to conform them to actual results. We do not, nor does any other person, assume responsibility for the accuracy and completeness of those statements. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under the caption “Risk Factors.”

We caution the reader that these risk factors may not be exhaustive. We operate in a continually changing business environment, and new risk factors emerge from time to time. We cannot predict such new risk factors, nor can we assess the impact, if any, of such new risk factors on our businesses or the extent to which any factor or combination of factors may cause actual results to differ materially from those projected in any forward-looking statements. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this Form 10-K and the documents we incorporate by reference might not occur.

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in Section 21E of the Securities Act.

You should carefully read this Form 10-K and the documents incorporated by reference in their entirety. They contain information that you should consider when making your investment decision.

TABLE OF CONTENTS

1

PART I

ITEM 1 DESCRIPTION OF BUSINESS

General Description and Development of Business

Unless otherwise noted, all dollar references are in U.S. Dollars.

On July 21, 1998, Westsphere Asset Corporation, Inc., a Colorado corporation, was incorporated under the laws of the State of Colorado, under the name of Newslink Networks TDS, Inc. On April 23, 1999, the Corporation changed its name to "Westsphere Asset Corporation, Inc." Westsphere Asset Corporation is referred to herein as "Westsphere", "the Corporation" "we" and "our".

Since 2000, the Corporation focused its business development on the "non-conventional financial services industry" and has sought opportunities available to it through acquisitions of equity positions within operating corporations or the establishment of wholly owned subsidiary companies that could assist in the asset growth of the Corporation.

"Non-Conventional Financial Services Business" is described as business related activities which would be normally associated in Canada with a registered chartered bank or bank affiliated financial institution but is privately owned and operated and not affiliated with a Canadian Chartered Bank. The Corporation provides automated consumer financial services through its Canadian national network of automated teller machines ("ATMs") and its Financial Processing Services associated to its membership within the Canadian Interac Network.

E-Debit has no ongoing business operations other than acting as a holding corporation.

On April 2, 2010, the Corporation changed its name to "E-Debit Global Corporation." E-Debit Global Corporation is referred to herein as "E-Debit", "the Corporation", "the Corporation", "we" and "our".

General Description and Development of Subsidiary Corporation Business

Vencash Capital Corporation - Vencash Financial Corporation

Vencash Capital Corporation ("Vencash Capital") was incorporated in the province of Alberta, Canada on October 2, 1996. In July 1998, Vencash Capital Corporation entered into the "non-conventional banking industry" otherwise known in the industry as the "white label" Automated Teller Machine ("ATM") marketplace. Vencash Capital became the seventh (7th) Canadian "channel" authorized to participate within the Canadian INTERAC system.

The "white label" ATM marketplace as used herein means the privately owned and operated ATMs that dispense cash for a fee, which are unaffiliated by ownership or operation to Canadian Registered Chartered Banks. A "channel" as used herein means a provider of audit control which channels the fee revenues generated through customer usage of the ATM equipment to settlement accounts of contracted site holders and equipment suppliers.

Vencash Capital had sites located nationally across Canada most notably in the Provinces of British Columbia and Alberta, Saskatchewan, Ontario and Maritimes. A "site" is described as used herein means a location where an ATM has been placed, and has contracted with Vencash Capital to provide monitoring, reporting and distribution of financial surcharge transaction revenues.

On January 7, 2009 the Board of Directors after reviewing the Corporations business operations at the Annual General Meeting of the Shareholders on December 6, 2008 approved the consolidation of Vencash's processing and business operations with the assignment of ATM related processing agreements and ATM assets under a purchase and sale agreement to be offset against receivables and payables to the Corporation's wholly owned subsidiary Westsphere Systems Inc.

While the business operations of Vencash Capital were wound down during the consolidation and integration of the ATM operations on May 1, 2009, into Westsphere Systems Inc., Vencash Capital's corporate entity was maintained in order to secure and protect the "Vencash" brand name. This includes the maintenance of Vencash Capital's wholly owned subsidiary, Vencash Financial Corporation ("Vencash Financial"), as a federal corporation under the laws of Canada, in order to secure and protect the "Vencash" name in all Provincial jurisdictions in Canada. Vencash Financial conducts no actual business activities.

(See "Business of Westsphere Systems Inc.")

Westsphere Systems Inc.

On May 16, 2000, Westsphere Systems Inc. ("Westsphere Systems") was incorporated under the laws of the Province of Alberta. In January 2002, Westsphere Systems began business in the area of hosting web-sites, leasing server space and network services.

On January 7, 2009 the Board of Directors after reviewing the Corporations business operations at the Annual General Meeting of the Shareholders on December 6, 2008 approved the consolidation of Vencash's processing and business operations with the assignment of ATM related processing agreements and ATM assets under a purchase and sale agreement to be offset against receivables and payables to the Corporation's wholly owned subsidiary Westsphere Systems Inc.

As a result of the changes to the Interac Network EMV chip card requirements and to meet the financial requirements resulting from these changes the Corporation on December 1, 2011 completed the move of its ATM assets including ATM equipment and related Site Location and Placement Agreements into E-Debit Global Corporation's wholly owned subsidiary VenCash Payment Solutions Inc., which segregated the Corporation's Canadian national network of automated teller machines ("ATMs") and our technical and transaction processing operations platforms (the "Switch") which remained within Westsphere Systems Inc.

E-Debit International Inc.

On August 1, 2000, the Corporation acquired a five percent (5%) interest in E-Debit International Inc., an Alberta registered corporation ("E-Debit International"), a provider of pre-paid debit cards, for $1,350 cash ($2,000 CDN) from a non-affiliated third party, Julio Rivera. In connection with the purchase, we also acquired an option to purchase the balance of Mr. Rivera's remaining sixty-five percent (65%) ownership in E-Debit International.

On March 13, 2001, we acquired an additional twenty-five percent (25%) interest in E-Debit International for $9,737 ($15,100 CDN) from another non-affiliated third party, Dev Studios Inc.

On May 15, 2001, we executed a share exchange agreement with Julio Rivera to exchange a total of 200,000 shares of our common stock at $0.50 per share for a sixty percent (60%) interest in E-Debit International.

On June 1, 2004, we executed a share exchange agreement with a non-affiliated third party E-Debit shareholder, Mr. Prathavan Venkatraman, to exchange a total of 33,333 shares of our common stock at $0.04 per share for a ten percent (10%) interest in E-Debit International. As a result of this share exchange, E-Debit became a wholly owned subsidiary of the Corporation.

(See "Business of E-Debit International Inc.")

Cash Direct Financial Services Inc.

Currently the Corporation is a 10% shareholder of Cash Direct Financial Services Inc. ("Cash Direct"). Cash Direct was incorporated under the laws of the Province of Alberta on July 17, 2003 to develop a "bricks and mortar" expansion to our business of "non-conventional banking" operations branded "Personal Financial $olutions". (See "General Description and Development of Business" below.).

Westsphere Capital Group Ltd.

Westsphere Capital Group Inc. ("Westsphere Capital") was incorporated under the laws of the Province of Alberta on January 4, 2005 to supply operational, financial, and administrative support to the Westsphere group of companies.

Group Link Inc.

Group Link Inc. ("Group Link") was incorporated under the laws of the Province of Alberta on December 13, 2012 as the foundation of the re-establishment of our nationwide distribution network, which in the past allowed for our presence in the Canadian marketplace. Group Link utilizes a "gated-access network approach" where our Independent Sales Organization members within the Group Link distribution network require either an existing relationship with the Corporation or its affiliate members or the intervention of a contact of the affiliate member. The Group Link distribution network has full access to all business operations of the Corporation and is integrated within the member distributors.

The Corporation is the majority shareholder of Group Link holding 55% of the issued and outstanding common stock of the Corporation. The Corporation's Chief Executive Officer is Group Link's Chief Executive Officer and Director and holds personally 15% of the issued and outstanding common stock of Group Link. E-Debit's Chief Operating Officer is a Director and personally holds 10% of the issued and outstanding common stock of Group Link. Group Link's President and Group Link's Chief Development Officer both are Directors of Group Link and each hold 10% of the issued and outstanding common stock of the Group Link.

Our Business

Our principal place of business and executive offices are located at #12, 3620 – 29th Street N.E., Calgary, Alberta, Canada T1Y 5Z8. We provide operational and administrative support as well as financial services and related packages to our subsidiaries through our wholly-owned subsidiary Westsphere Capital, and currently conduct our business operations through our wholly-owned subsidiaries. (See "General Description and Development of Business" below.).

Business of Westsphere Systems Inc.

On January 7, 2009 the Board of Directors after reviewing the Corporations business operations at the Annual General Meeting of the Shareholders on December 6, 2008 approved the sale and transfer of the 100% of the issued and outstanding shares of E-Debit International to the Corporation’s wholly owned subsidiary Westsphere Systems Inc. Also at this time the Board approved the consolidation of its wholly owned subsidiary Vencash Capital Corporation’s business operations with the assignment of ATM related processing agreements and ATM assets under a purchase and sale agreement to be offset against receivables and payables to Westsphere System made effective on May 1, 2009.

As a result of the changes to the Interac Network EMV chip card requirements and to meet the financial requirements resulting from these changes the Corporation on December 1, 2011 completed the move of its ATM assets including ATM equipment and related Site Location and Placement Agreements into E-Debit Global Corporation’s wholly owned subsidiary VenCash Payment Solutions Inc., which segregated the Corporation’s Canadian national network of automated teller machines (“ATMs”) and our technical and operations platforms (the “Switch”) transaction processing operations which remained within Westsphere Systems Inc.

Westsphere System received approval in March 2007 by INTERAC Association, as an acquirer in the Association’s SCD Service and as an acquirer in the Association’s IDP Service. This allowed Westsphere Systems to become an indirect connector, thereby resulting in it owning and managing a switch. Westsphere Systems currently provides transaction processing to the majority of our ATM estate through its participation within the Canadian INTERAC Association.

Business of Vencash Payment Solutions Inc.

ATM Business in Canada

Background of the ATM Business

Historically, the predominant Canadian ATM banking network is the Interac network and was the organization primarily responsible for the early development and operation of a Canadian national network of two shared electronic financial services ATM and Debit transactions. Prior to 1997 The Interac Network was operated as a non-profit organization which under regulatory guidelines sets its fees on a cost recovery basis, and was only a closed network jointly operated by Canada's largest financial institution and the only devices that were allowed to be connected to Interac were devices owned/operated by member financial institutions.

In June 1996, the Canadian Competition Tribunal issued a consent order negotiated between a number of the Interac Association's members and the Competition Bureau. As a result the Canadian Banking and Financial initiated this government deregulation program which under deregulation of the Canada Bank Act, allowed for the release of certain segments of proprietary control involving banking institutions. One of the preliminary results of the deregulation was the allowance of the private operation of ATMs not associated with Canadian Banking financial institutions.

Designed to increase competition in the Canadian financial market for electronic payment services, the Consent Order resulted in Interac allowing nonfinancial organizations to participate as members of Interac, and permitted surcharging at ATMs and Debit Terminals in Canada. Surcharging allows the owner of an ATM and/or Debit Terminal to charge a Surcharge Fee on each Interac transaction performed at an ATM and/or Debit Terminal. This private ownership and operation of ATM equipment has been described within the industry as the "white label ATM" market.

Canadian Banking Institutions had been participating in the development of new technology, particularly in regard to online computer banking. Advances originating from the introduction of credit card and debit card services evolved into the installation of commercial point of sale management systems across the country and the development of the Canadian INTERAC system which provided complete online banking services and 24-hour customer banking between the various existing banking institutions. It also provided for full-bank service availability from remote site locations throughout Canada.

Evolving online financial technology being pursued by the institutional banking financial sectors has been confronted by growth of computer-based commerce. The Internet and the expansion of computer generated online commerce shifted a significant amount of consumer financial services from conventional banking and financial institutions to non-traditional and new and innovative virtual-based methods of conducting financial transactions. INTERAC connection of the conventional banking institutions is a significant factor for profits produced by Canadian conventional banking and financial institutions.

The Corporation as well as many other Canadian companies pursued participation in the field of marketing, distribution, selling, and leasing cash dispensing equipment recognized in the market place as ATMs, "ABMs" (automated banking machines), "white label machines" (a privately owned and operated cash dispensing machine).

Currently Canadian ATM and Debit transactions are facilitated through various Networks like Interac, VISA, MasterCard, Cirrus, Plus, etc. The two main parts of these networks are "issuers" and "acquirers". The following is a brief description of the Network functions:

Networks: Networks have rules and regulations that members of the Network must comply with. These rules typically govern operations, security, limits, etc.

Acquirers: Acquirers control the individual devices connected to a Network. Examples of these devices are ATMs and Debit Terminals. Acquirers receive transactions from devices and then route these transactions through the Network to the card issuers for approval. Acquirers settle (i.e. receive or distribute funds) cash amounts withdrawn from ATMs and purchase amounts made with Debit Terminals (based upon what has been approved by the card issuers) to the applicable merchants, debit terminal owners and ATM owners.

Card Issuers: Card Issuers are typically financial institutions that provide their customers (also known as "account holders") with cards that have access to Networks. Card issuers receive transactions from acquirers and authorize these transactions based upon the card issuers' customer/account holders' account balances and also validate the customer's/account holder's PIN as required.
When transactions are completed the card issuers pay the applicable Networks (which funds are routed to the applicable acquirer) for amounts purchased or withdrawn plus any fees on a daily basis.

Switch: A "switch" as used herein means a computer system that receives requests for financial transactions from ATM terminals, POS or electronic transfer terminals in retail businesses which routes transaction requests to and from ATM devices and financial institutions for final transaction processing and/or authorization. In Canada, the Canadian INTERAC network coordinates this activity. Under recent deregulation, non-financial institutions that are members of INTERAC are allowed to be indirect connectors. These non-financial institutions provide switching services for shared cash dispensing, data processing, and other associated services in connection with the network. Pursuant to the rules and regulations set out by INTERAC and current switch technology, a switch can process up to ten thousand (10,000) transactions at any given time.

Currently the Corporation through its wholly owned subsidiary Westsphere Systems Inc. (“WSI”) acts as an "acquirer" for Terminals that the Corporation owns (through arrangements called "ATM Placements" or "Debit Placements") and for Terminals that are owned by third parties (through arrangements called "ATM Processing" or "Debit Processing").

A transaction at an ATM or Debit Terminal in the Corporation’s network, commences when a consumer holding a card issued by a Network member decides to withdraw cash or make a purchase using a Debit Card or Credit Card. WSI has access to various Networks (including Interac, MasterCard and VISA) through agreements WSI has with the Networks or Network members that are authorized to enter into sponsorship arrangements for the Network. In the case of a cash withdrawal at an ATM, the cardholder inserts his or her card into the machine, enters his or her PIN and requests a sum of money.

In the case of a Debit or Point of Sale (POS) Terminal purchase the process is the same, except that instead of dispensing cash the Debit Terminal sends the merchant an approval notice and the merchant provides the goods or services that the cardholder has requested. The Acquirer (in this case WSI) sends this request through to the Acquirer's connection service provider (the “Switch”) which in turn sends the request electronically through the applicable Network to the cardholder's financial institution (the "Issuer") which verifies the cardholder's PIN and determines if sufficient funds (or credit) are available to fulfill the request. The Issuer then provides an approval response back through the applicable Network to the Acquirer, and then the Acquirer electronically causes the ATM to dispense the funds accordingly. All of this occurs in a matter of seconds. At the end of each business day, through a process referred to as "settlement" the Issuer deposits funds which are routed to the Acquirer's settlement agent (and then on to the Acquirer to reimburse for the cash dispensed from ATMs and goods/services paid for through the Debit Terminal).

The Corporation’s ATM business

In late 1997, "non-conventional banking" participation and private ownership of ATMs was authorized allowing for participation within the "Canadian INTERAC system". The "Canadian Interac Association" as used herein is a national organization linking enterprises that have proprietary networks to enable them to communicate with each other for purposes of exchanging electronic financial transactions. Five (5) Canadian Banking and Financial Institutions founded the association in 1984. As of March 2013, there were eighty-three (83) member organizations. INTERAC is the organization responsible for the development of a national network of shared electronic financial services: INTERAC Shared Cash Dispensing Service (“SCD”) at ATMs and INTERAC Direct Payment Services (“IDP”), Canada's national debit service. IDP is Canada's national debit card service, available at more than 630,000 IDP terminals and 600,000+ ATMs across the country.

As a result of a review and investigation of opportunities developing from the 1997 government deregulation of the Canadian Banking and Financial sectors which allowed for the private operation of ATMs not associated with Canadian Banking financial institutions, the Corporation entered the "white label" ATM marketplace through its subsidiary Vencash Capital Corporation ("Vencash"). Vencash became the 7th Canadian Channel authorized to participate within the "white label" ATM business in Canada.

Currently the Corporation through its subsidiary holdings is a fully integrated ATM provider, and offers a complete suite of ATM management services from ATM deployment and maintenance to transaction processing, reporting and settlement. Since inception, our ATM business grew significantly peaking in 2009 with approximately 1,000 within its ATM network. In the past year and during the transition over to the EMV Network Standards of Interac, the Corporation continued to reduce its network size by selling selected regional ATM estates to an investor. As of December 31, 2012, 275 ATM are being processed by WSI's switch. At present, we continue to earn revenue from the following sources: (i) transaction fees which include Interchange Fees and surcharge revenue; (ii) processing fees and maintenance fees; and (iii) margin on the sale of ATMs. We are continuing to sign exclusive five-year plus agreements (which contain renewal provisions) with our customers for their ATM transaction processing and maintenance and management services.

Since 1999 the Corporation's focus was to grow our ATM estate organically utilizing in house sales as well as established distributor relationships. In the past, the distributor relationship has been the keystone to our national ATM presence but as the Canadian marketplace matured, so did our established distributor model. Combined with network changes within the Canadian Interac Network particularly the initiation of EMV chip encryption and the marketplace's matured state the Corporation's focus has been to maximize its current ATM placements, with a site by site evaluation of the go forward profitability of our ATM estate. The process of eliminating non profitable site locations and the sale of selected regional ATM site estates saw the Corporation meet the deadline of Interac EMV implementation by the end of 2012.

Previously Vencash Capital acted as a "channel" which contracted its financial electronic transfer responsibilities with two (2) non owned "switches" (Data West Solutions and Calypso Canada Ltd.). In November 2008 the Corporation commenced the transfer of its previously contracted switch to Westsphere Systems, and with the roll out of our ATM estate onto Westsphere System's processing switch, reliance on outsourced switching has been eliminated.

The Corporation currently provides our leading merchant customers with all of the services required to successfully and profitably operate ATMs which include monitoring, maintenance, cash management, customer service and transaction processing. With a strategic relationship developed within the Canadian "white label" marketplace the Corporation's management believes while we operate in very competitive marketplace the re-establishment of a nationwide distribution network, which allowed for our presence in the marketplace in the past and allow us to capitalize on the opportunities afforded with the changeover to chip based transaction processing.

Current Stage of Corporate Development

While our ATM network has historically provided a majority of the cash flow which fuelled our business operations the combination of a matured business, routine acceptance of the white label ATM placement and market saturation will continue to be norm. With the move to chip enabled card products, both debit and credit, the non-conventional bank "white label" ATM business has changed and so has the Corporation's ability to rely on our ATM business operations to continue to generate positive revenues and returns. The Corporation plans to focus on the re-establishment of our historic distribution network to allow for the growth of the ATM business operations and to expand our Switch Direct ATM business model.

Growth Strategy and Market Niche

The Corporation is an integrated transaction processor and an ATM provider offering a complete suite of ATM management services ranging from ATM deployment, maintenance reporting and settlement and transaction processing. Historically we have focused on organic growth and our management's plan is to continue this effort as follows:

i. Continue our review of our nationwide ATM estate to evaluate profitability of each site within the network in order to maximize our current revenues and reduce our costs of administration, which might include the sale of those ATM estates to our distribution network or other third parties.

ii. We will re-establish our nationwide distribution network, which allowed for our presence in the marketplace in the past and allow us to capitalize on the opportunities afforded with the changeover to chip based transaction processing.

Over the past four years the Corporation has developed and implemented its Switching capabilities and membership within the INTERAC association and our national access to all regions within Canada through the INTERAC System. This has been a very time and financially sensitive development but one which management believes holds significant potential. Combined with consolidation of its various business operations and elimination of administrative and operation costs we have a vertically integrated business operation.

Competitors

i DirectCash Payments Inc.- Canada's largest ATM Corporation in operation. It has offices and distribution centers in all of the major cities across Canada and supplies consolidated distribution, switching and processing services

ii. Ezee Cash – Second largest national ATM estate holder centered in Ontario and Quebec supplies ATM products not including Financial Processing Services.

iii. Several Regional and National Companies - These companies compete on a regional basis with the Corporation's regional distributor network and nationally with Westsphere Systems corporately.

Our Strengths

We are a fully integrated full service Financial Processor and ATM operator focusing on providing retailers with reliable, low cost ATMs with contractual relationships which provide us with recurring transactional and fixed revenue streams with a large number of geographically diverse customers including small, medium and large retail enterprises in a variety of market segments. We enter into contracts with all our customers which typically have an initial term of five years plus first right of refusal to contract extensions.

Historically, we have deployed and operated our devices under two distinct arrangements with our retail partners: Corporation-owned and merchant-owned arrangements. Under Corporation-owned arrangements, we provide the device and are typically responsible for all aspects of its operation, including transaction processing, managing cash, supplies, and telecommunications as well as routine and technical maintenance. Under our merchant-owned arrangements, the retail merchant or the distributor owns the device and is usually responsible for providing cash and performing simple maintenance tasks, while we provide more complex maintenance services, transaction processing, and connection to the EFT networks.

We will continue to utilize selective placement and monitoring of ATMs, to obtain maximum value for placement and a higher percentage return per terminal. Service and information dissemination will continue to be a priority for the management team.

The Corporation's ownership of our communication network related to our Switch operation has provided us with (i) equal or an enhanced economic advantage over the majority of our ATM competitors who must totally rely on third parties to provide them with various services including transaction processing through our access to Interac; (ii) the ability to provide additional products and services which our smaller regional competitors are not able to offer such as real time and customized reporting; (iii) control of the core technologies of our business; (iv) the ability to upgrade our products by adding new functionality and services not easily replicated by our competitors; and (v) the ability to grow organically without significant incremental technical capital.

In addition to deploying our devices under Corporation-owned and merchant-owned arrangements, we recently began offering a managed services solution, under which we provide certain services to retailers, financial institutions and other ATM operators. We offer various forms of managed services, depending on the needs of our customers, and offer a customized ATM management solution that can include monitoring, maintenance, cash management, customer service, transaction processing and other services.

Our strategy is to enhance our position as a major provider of automated consumer financial services not only in Canada but internationally and to expand our business operations to become a significant provider of managed services to further expand our network and service offerings into select international markets.

Risk Assessment

We operate in a changing and unpredictable regulatory environment. If we are subject to new legislation regarding the operation of our ATMs, we could be required to make substantial expenditures, as we have in the recent past, to comply with that legislation, which may continue to reduce our net income and our profit margins.

The Corporation depends on a number of counterparties in the conduct of its business operations including; Moneris Solutions Corp., Bank of Montreal, Royal Bank of Canada, ACI Worldwide Inc. and Shaw Communications Inc. There can be no assurance that any of these counterparties will be able to continue to perform their respective obligations and contracts. An interruption in or the termination of any contract or business arrangement by any counterparty, including, in relation to our membership within Interac, the supply by banks of cash for our ATM cash loads, the use of our own employees to load our Full Placement ATMs, and the Corporation's inability to make alternative arrangements in a timely manner, or at all, could have a material adverse effect on the our business, financial condition and operating results. In addition, we periodically negotiate renewal terms for these contracts and business arrangements and there can be no assurance that such renewal terms will remain financially acceptable. Any interruption in the Corporation's relationship with certain of these counterparties could materially adversely affect our ability to process ATM transactions. If the Corporation were to lose its access to Interac membership, this would immediately result in a material adverse effect to our business. There can be no assurance the Corporation would be able to find alternate supplies or sources of distribution in a timely manner.

Counterparty Risk – The ATM Business: The private "white label" ATM business is highly competitive. We face competition from large numbers of companies engaged in the selling and servicing of ATM products in all areas in which we may attempt to operate. Competition includes some of the major financial institutions in Canada who have greater financial and human resources and greater name recognition. If existing or new competitors gain market share our business and operating results could be adversely affected. Our future and existing competitors could also introduce products with superior features and functionality at lower prices than the Corporation's products, and could potentially bundle existing or new products with other more established products in order to compete with us. The introduction of new technologies, and any potential limitations or changes to our network or changes to security requirements could all have a materially adverse impact on our business. Competitors could also gain market share by acquiring or forming strategic alliances with other competitors. If existing or future competitors seek to gain or retain market share by reducing margin on products sold, we may also be required to reduce our margins or our fee structure or increase amounts payable to third parties, retailers, sales agents and resellers, which may reduce our revenue.

We may be unable to maintain and expand our customer base and may not be able to renew our contracts on the same or similar terms and conditions as those which presently exist. As well, our profitability may be affected by a number of factors including the expiry or termination of existing placement contracts or processing contracts.

Counterparty Risk – Networks: The profitability of the Business will be in part dependent upon the continuation of a favorable regulatory regime with respect to the continuing operations and the future growth and development of independent ATM operators. Should the regulatory regime in an applicable jurisdiction be modified in a manner which adversely affects independent operators, including increases in taxes or increased regulatory burdens (including burdens imposed by Interac, Cirrus, Maestro, Visa and Plus), revenues may be adversely affected. The failure to obtain all necessary licenses or permits, including renewals thereof or modifications thereto, may adversely affect the Corporation's cash flows.

Interac, MasterCard or VISA have mandated hardware and software security upgrades for ATMs, Debit Terminals and our Switch, and with the accompanying change of the rules and regulations around approved devices, members or security, our revenues may continue to be adversely impacted. The Corporation's operations are subject to a variety of federal, provincial laws and regulations, including Interac, Cirrus, Maestro, Visa, Plus and Canadian Payment Association rules and regulations. The Corporation and the companies with whom it contracts to provide services are required to invest financial and human resources to comply with such laws and the Corporation anticipates that it will continue to do so in the future. Although such expenditures historically have not been material to us, such laws or regulations are subject to change and accordingly, it is impossible to predict the cost or impact of such laws or regulations on its future operations. Although, to our knowledge, such fees are not anticipated to change, any change that Interac makes to its interchange fees, its fee structure or acquirer fees could have an adverse impact on our revenues. As well, current revenues would be adversely impacted if Interac decided to eliminate surcharging.

If a fraud occurs in the Interac network or in the Corporation's network, this could result in an adverse impact on the Corporation and its revenues as a result of the implementation of more stringent regulations or the loss of consumer confidence, each of which may result in the transaction volumes at our ATMs declining and our revenues being adversely impacted.

Historically, Interac has enjoyed a near monopoly status in Canada to process PIN secured Debit Card transactions (as compared to the signature secured Credit Card transaction processing that several Credit Card Networks compete for). Merchants accepting payment by Interac debit card have historically enjoyed a very low cost fee structure (typically a few cents per transaction regardless of the size of the payment) and most bank customers have account fee arrangements with their financial institution that allows for a significant number of Debit Card transactions per month to be included in their monthly account fee. In comparison, a Credit Card acquirer's typical business model involves charging a share referred to as a Merchant Discount Rate (typically a percentage of 2-5% plus a flat per transaction fee in some circumstances) of the value of all transactions which a merchant agrees to accept payment through a Credit

Card. The financial institution which issued the Credit Card then receives an Interchange Fee from the Credit Card acquirer.

The Canadian affiliates of the MasterCard and VISA Networks announced in early 2009 their intention to establish Canadian networks that would allow for the issuance of PIN secured Credit Cards in Canada (i.e. that would be functionally the same as the Debit Cards historically used through Interac). In March 20, 2011 one of Interac founding member financial institutions CIBC (Canadian Imperial Bank of Commerce) announced the launch of the CIBC VISA debit card product. MasterCard and VISA are profit orientated businesses. Credit Card Networks like MasterCard and VISA compete with each other to try to get financial institutions to connect their issued card base to the Credit Card Networks. Financial institutions compete for customers who open accounts with the financial institution and make money off the customers by charging interest for borrowed funds and charging various kinds of account and transaction fees.

In search for greater market penetration and share the major Canadian Banking Institutes offer enhanced product services, the latest is the issuance of Debit Cards and/or Credit Cards to their customers that can be used on multiple Networks such as Interac, MasterCard or VISA. Customers will decide to use a particular card based on a number of factors such as whether the card is associated with a network accepted by the merchant the customer purchases goods and services from, the fees the customer will pay to use the card, and any benefits the customer receives from use of the card (i.e. air miles, cash back, etc.). Concerns have been expressed by retail merchants that the new PIN secured Credit Cards offered by MasterCard and VISA will be favored by financial institutions over Interac (because financial institutions can earn more revenue through the higher pricing models typically associated with Credit Card). The routing of the debit or credit transaction to proprietary networks such as VISA and MasterCard could have a dramatic effect on the historical revenue stream of Canada's largest debit network Interac which could result in effecting the Corporation's ongoing revenue stream. The Canadian federal government has announced that they will not be taking steps to block MasterCard and VISA from offering PIN based card products in competition with Interac.

The Corporations revenues have historically been dependent on ATM transaction volume. In the event that transaction volume decreases with the proliferation of additional ATMs in the market, the Corporation's revenues will be negatively impacted. Actual expenses may exceed the Corporation's projected amounts and/or actual revenues may be less than the Corporation currently projects, in which case the Corporation may need to raise additional funds from lenders and equity markets in the future. In addition, the Corporation may choose to raise additional financing in order to capitalize on perceived opportunities in the marketplace that may accelerate the Corporation's growth objectives. The Corporation's abilities to arrange such financing in the future will depend in part on the prevailing capital market conditions as well as the Corporation's business performance. There can be no assurance that the Corporation will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Corporation. If additional equity or debt financing is raised by the issuance of common stock, control of the Corporation may change and shareholders may experience dilution to their equity interest in the Corporation.

Business of E-Debit International Inc.

E-Debit International Inc.'s ("E-Debit International") initial development stages focused on meeting the payment system needs of current and potential online shoppers specifically the "un-banked/under-banked" which refers to those that cannot obtain a bank account or do not wish to have a conventional bank account. While E-Debit International's business model was originally based on an anonymous payment system to protect the identity of the purchaser while allowing for guaranteed payment to the merchant the events of September 11, 2001 caused our management to evaluate the anonymity factor of the E-debit International process to ensure our policy of "knowing our customer".

The Corporation entered into an asset purchase agreement on June 21, 2010 with an investor related to certain hardware equipment, and software equipment for the establishment of a proprietary card management system in order to establish the foundation platform to enable E-Debit International to launch its card product entry into the loyalty, prepaid, debit and credit card business space originating in Canada and North America wide to date the card management system has not been implemented or put into commercial production.

As of December 31, 2012, the Corporation recorded an impairment charge of $381,019 to reduce the idle property and equipment to zero based on an annual property and equipment impairment analysis performed in response to a hardware and software security upgrade mandated under Interac, MasterCard and VISA rules. These upgrades include the requirements to have EMV (Europay, MasterCard, VISA) certified chip card (the replacement technology for the historical magnetic stripe cards) software/readers, and network approved encrypted PIN pad ("EPP") devices, installed on all ATMs and debit terminals: thereby providing the ability to accept EMV chip card transactions. The Corporation has determined that it is not cost effective for the upgrades and the outcome is uncertain. In addition, management intends to raise funds for the project but no assurance can be given that the Corporation will be successful in raising additional capital.

Business of Cash Direct Financial Services Inc.

Cash Direct was formed to expand our “non-conventional banking” operations branded “Personal Financial $olutions”.

The first Personal Financial Solutions storefront commenced business operations on November 1, 2004 supplying short-term cash advance loan agreements under the brand name “Cash Direct Advance”, cheque cashing services, corporate registry and filing and other related services.

Cash Direct generated revenues from its investment in Personal Financial $olutions and through its first beta site which grew on a monthly basis during the first full year of operations. It was apparent that the beta test supported the acceptance, convenience, versatility and reliability of the Cash Direct proprietary hardware and related software although two (2) additional Personal Financial $olutions arms length privately held distributorships – one in Edmonton, Alberta and another in Calgary, Alberta

The Corporation had previously determined that the operation of cheque cashing services, corporate registry and filing services was not adding to the financial potential of our core business model as the fee per transaction based business operations of its ATM, POS and card management businesses. On October 15, 2010, the Corporation sold forty-one (41%) percent of the issued and outstanding shares of Cash Direct’s subsidiary 1105725 Alberta Ltd operating as Personal Financial Solutions to 1498328 Alberta Ltd. of which E-Debit Global officer and Chief Operating Officer is a principal shareholder. The sale resulted in 1498328 Alberta Ltd. controlling ninety (90%) of the issued and outstanding shares of 1105725 Alberta Ltd. E-Debit Global has the option to repurchase up to 40% of the issued and outstanding shares of 1498328 Alberta Ltd. at $1.00 per share on or before October 14, 2013.

Concurrent to the sale of the shares of 1105725 Alberta Ltd. and in order to facilitate the financing of replacement ATM equipment to meet Interac EMV requirements, the Corporation on May 1, 2011 completed the sale of ninety (90%) percent of the issued and outstanding shares of Cash Direct Financial Services Inc. to 732352 Alberta Ltd. a wholly owned subsidiary of a Corporation controlled by Douglas Mac Donald, the Corporation's President and CEO. E-Debit Global has the option to repurchase up to 51% of the issued and outstanding shares of Cash Direct Financial Services at $1.00 per share on or before April 30, 2013.

Business of Group Link Inc.

Group Link Inc. ("Group Link") was incorporated under the laws of the Province of Alberta on December 13, 2012 as the foundation of the re-establishment of our nationwide distribution network, which in the past allowed for our presence in the Canadian marketplace. The Corporation is the majority shareholder of Group Link holding 55% of the issued and outstanding common stock of the Corporation. The Corporation's Chief Executive Officer is Group Link's Chief Executive Officer and Director and holds personally 15% of the issued and outstanding common stock of Group Link. E-Debit's Chief Operating Officer is a Director and personally holds 10% of the issued and outstanding common stock of Group Link. Group Link's President and Group Link's Chief Development Officer both are Directors of Group Link and each hold 10% of the issued and outstanding common stock of the Group Link.

Built on the Corporation's traditional historic distribution model which has been utilized for the past 14 years within the VenCash ATM network, Group Link utilizes a "gated-access network approach" where Independent Sales Organization ("ISO") members within the Group Link distribution network require either an existing relationship with the Corporation or any of its affiliate members and/or the intervention of a contact of the affiliate member. The Group Link distribution network utilizes and has full access to all business operations and services of the Corporation and our financial processing services as supplied by Westsphere Systems Inc. is integrated within the Group Link Independent Sales Organization ("ISO") member network.

Group Link intends to expand its opportunities to not only the ATM industry but to also build on our experience in developing, managing and operating a national marketing and distribution channel being offered to all Group Link member ISO's with exclusive utilization of the Corporation's wholly owned subsidiary Westsphere Systems Inc. for financial processing services related to revenue payment and revenue splitting functionality.

Current Stage of Our Development

Our group of companies employs twelve (12) full-time employees and six (6) contracted consultant groups working in Calgary & Edmonton, Alberta, Kingston, Toronto & Orangeville, Ontario and Omaha, Nebraska.

We were incorporated in Colorado on July 21, 1998, and hold wholly owned as well as majority controlled subsidiaries which conduct business throughout Canada. The Corporation also has investment interests in associated companies in Canada. We file and prepare our financial information in accordance with U.S. generally accepted accounting principles ("GAAP").

ITEM 1A RISK FACTORS

The following are certain risk factors relating to E-Debit Global Corporation, and the Corporation's subsidiary business operations. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this document.

E-Debit Global Corporation is organized to be a holding corporation of the various other entities held as wholly owned subsidiaries and therefore is not directly subject to risks of the business. However, since the Corporation derives its value and cash flow from its subsidiaries, the risks faced by the Corporation’s subsidiaries are effectively also faced by the Corporation. The risks and uncertainties described below are not the only risks and uncertainties the Corporation faces.

Additional risks and uncertainties not currently known to the Corporation or that the Corporation currently deems immaterial also may impair the Corporation’s business operations. If any of the following risks actually occur, the Corporation's business, results of operations and financial condition could suffer.

Over the past several years the various geographical regulators and Security Commissions in Canada have placed restrictions on the Canadian Brokerage Houses in Canada for the acceptance of OTC:QB shares into Canadian shareholder trading accounts. While the Corporation has continued to maintain a continual and uninterrupted SEC filing presence as a publicly listed Corporation since 2001, the ability of the Corporation’s holders of common stock to place their stock into brokerage accounts has been seriously impaired.

An investment in the Corporation's common stock involves a high degree of risk. You should carefully consider the following risk factors and the other information in this registration statement before investing in our common stock. Our business and results of operations could be seriously harmed by any of the following risks.

We operate in a changing and unpredictable regulatory environment. If we are subject to new legislation regarding the operation of our ATMs, we could be required to make substantial expenditures to comply with that legislation, which may reduce our net income and our profit margins.

We have substantial indebtedness.

As of December 31, 2012, we had a working capital deficit of $2,225,293 which includes $495,014 payable to suppliers for day-to-day operations. Our ability to meet our debt service requirements will depend upon achieving significant and sustained growth in our expected cash flow. Our cash flow will be affected by our success in implementing our business strategy, prevailing economic conditions and financial, business and other factors, some of which are beyond our control. Accordingly, we cannot be certain as to whether or when we will have sufficient resources to meet our debt service obligations. If we are unable to generate sufficient cash flow to service our indebtedness, we will have to sell assets, restructure or refinance our indebtedness or seek additional equity capital. We cannot assure that any of these strategies can be effective on satisfactory terms, if at all, particularly in light of our high levels of indebtedness. In addition, the extent to which we continue to have substantial indebtedness could have significant consequences, including:

- our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions and other general corporate purposes may be materially limited or impaired,

- a substantial portion of our cash flow from operations may need to be dedicated to the payment of general operations and therefore not available to finance our business growth, and our indebtedness,

- our high degree of indebtedness may make us more vulnerable to economic downturns, limit our ability to withstand competitive pressures or reduce our flexibility in responding to changing business and economic conditions.

Requirements associated with being a reporting Public Corporation will require significant Corporation resources and management attention.

Over the past several years the various geographical regulators and Security Commissions in Canada have placed restrictions on the Canadian Brokerage Houses in Canada for the acceptance of OTC:QB shares into Canadian shareholder trading accounts. While the Corporation has continued to maintain a continual and uninterrupted SEC filing presence as a publicly listed Corporation since 2001 the ability of the Corporations holders of Common Stock to place their stock into brokerage accounts has been seriously impaired.

Compliance with reporting and other requirements applicable to public companies such as Sarbanes Oxley will continue to create additional costs for us, will require the time and attention of management and will require the hiring of additional personnel and outside consultants. We cannot predict or estimate the amount of the additional costs we may incur, the timing of such costs or the degree of impact on our management's attention to these matters will have on our business.

In addition, being a reporting public Corporation could make it more difficult or more costly for us to obtain certain types of insurance, including directors' and officers' liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

Regulatory Regime

The profitability of the Corporation's subsidiary business operations will be in part dependent upon the continuation of a favorable regulatory regime with respect to the continuing operations and the future growth and development of independent ATM, Debit Terminal and Prepaid Card operators. Should the regulatory regime or the interpretation of the legislation in an applicable jurisdiction be modified in a manner which adversely affects independent operators, including increases in taxes or increased regulatory burdens (including burdens imposed by Interac, Cirrus, Maestro, Canadian Payments Association, VISA and Plus), the Corporation's profitability may be adversely affected.

The failure to obtain all necessary licenses or permits, including renewals thereof or modifications thereto, may adversely affect profitability. If the Networks, like Interac, VISA, MasterCard, Plus, or Cirrus change their rules to alter the financial terms under which acquirers and issuers operate, such a change could have an adverse effect on the Corporations' profitability (or a positive effect depending on the direction of the change).

Some examples of the types of financial terms that the Networks have the power to change under their rules include, changing of amounts of interchange that is paid to/by card issuers or transaction acquirers, adjusting the fees paid by card issuers and/or transaction acquirers to the Network, creating new fees or levies charged to card issuers and/or transaction acquirers, changing the rules for allocating the liability for fraudulent transactions and their associated costs, changing the requirements for connecting to the network for transaction processing, eliminating or restricting the use of surcharging, allowing non financial institution members to deploy or process transactions, increasing Network association fees charged to card issuers or transaction acquirers, changing their rules so that different rules/fees apply to financial institutions versus non financial institution terminal deployers or processors, and changing or adding new monetary sanctions for breaches of network rules. If such changes result in increased costs or decreased revenue for the Corporation, the Corporation may or may not be able to recover the difference by altering the terms of the contracts Corporation has with its customers (or the Corporation may not be able to make the necessary adjustments until the terms of existing contracts reach the end of their current term).

If Interac, MasterCard or VISA mandate a hardware or software security upgrade for ATMs, Debit Terminals or the Corporation’s Switch, or change the rules and regulations around approved devices, members or security, profitability may be adversely impacted.

Security upgrades are required under Interac, MasterCard, and VISA rules. These upgrades include the requirements to have:

(a) EMV (Europay, MasterCard, VISA) certified chip card (the replacement technology for the historical magnetic stripe cards)software/readers, and

(b) network approved encrypted PIN pad ("EPP") devices, installed on all ATMs and debit terminals:
thereby providing the ability to accept EMV chip card transactions. This has required and will also require further upgrading the Corporation’s Switch to process EMV chip card transactions, and adding additional encryption methods to Corporations managed ATMs and Debit terminals, Triple DES Encryption.

The Corporation has met all of the deadlines mandated by Interac and MasterCard for conversion of ATMs and debit terminals (i.e. to read the EMV microchip on a card rather than a magnetic stripe) are as follows:

(a) 50% of all ATMs must be upgraded with an EMV certified chip pin entry device by December 31, 2011 and 100% of ATMs must be upgraded by December 31, 2012;
(b) 35% of debit terminals must be upgraded with an EMV certified chip pin entry device by December 31, 2010, 60% must be converted by December 31, 2012, and 100% must be upgraded by December 31, 2015.

Notwithstanding our past compliance to mandated network and card product protocols the Corporation could experience difficulty or an inability to comply with future network and card product change.

The result of non-compliance can include penalties, fines, sanctions and contractual penalties by the applicable Network(s) and ultimately disconnection of the ATM and Debit Terminal device or card from the Network for failure to comply by the end dates. The Corporation will be investing maintenance capital and upgrading its IT department to meet these upgrade deadlines. The Corporation’s customers who own their own equipment are encouraged to make the necessary changes to their equipment and in some cases the Corporation has the contractual right to make the necessary changes for the customer (and charge the customer for the cost of the change).

The Corporation’s business operations are subject to a variety of federal laws, provincial laws and the rules of various financial networks ("Networks"), including Interac, Cirrus, Maestro, VISA and Plus. Also, the Corporation or the entities with whom the Corporation contracts are subject to the jurisdiction of various government agencies and departments, including the Office of the Superintendent of Financial Institutions ("OSFI"), the Canadian Payments

Association (the "CPA"), Canadian Deposit Insurance Corporation ("CDIC"), Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC"), offices of Provincial privacy commissioners as well as various jurisdictional Securities Commissions.

Some of the more common areas where regulatory compliance can become relevant to operation of the Corporation's business include (a) anti-money laundering ("AML") requirements which includes reporting of suspicious transactions and checking of customer names against various lists of terrorist organizations, (b) know your client ("KYC") requirements (c) fee disclosure requirements ("FDR"), (d) Identification of politically exposed foreign persons ("PEFP") and collection of additional information regarding PEFP transactions. Although the cost of compliance with such requirements historically has not had a material effect financially to the Corporation, such laws or regulations are subject to change and accordingly, it is impossible to predict the cost or impact of such laws or regulations on its future operations.

Each of the Networks, the CPA and other regulators are constantly reviewing, revising and updating their rules and regulations with a view to addressing and regulating new business practices, the needs of the marketplace and generally to meet their public interest mandates. Recently some Canadian provinces have chosen to legislate their own AML requirements (in addition to those already legislated under federal legislation). If any of the Networks or government agencies that regulate financial institutions change their rules (or their interpretation of the rules) so as to increase the administrative burdens necessary to operate the Corporation's Prepaid Card program (for example, requiring that each Prepaid Card customer become a customer of the financial institution and provide the necessary information to open and maintain a separate deposit account), such changes/increased costs could negatively impact our card product business model. If other legislation not directly dealing with financial institutions (for example, the Tax Rebate and Discount Act (Canada)) or legislation similar to the legislation introduced to regulate "gift" cards, is passed to restrict or limit the ability to charge fees on Prepaid Cards, this may make the use of Prepaid Cards in such applications uneconomic.

The Canadian affiliates of the MasterCard and VISA Networks announced in early 2009 their intention to establish Canadian networks that would allow for the issuance of PIN secured Credit Cards in Canada (i.e. that would be functionally the same as the Debit Cards historically used through Interac). As of March 20, 2011 one of Interac's founding member financial institutions CIBC announced the launch of the CIBC VISA debit card product. MasterCard and VISA are profit orientated businesses. Credit Card Networks like MasterCard and VISA compete with each other to try to get financial institutions to connect their issued card base to the Credit Card Networks. Financial institutions compete for customers who open accounts with the financial institution and make money off the customers by charging interest for borrowed funds and charging various kinds of account and transaction fees.

In search for greater market penetration and share, the major Canadian Banking Institutes offer enhanced product services; the latest is the issuance of Debit Cards and/or Credit Cards to their customers that can be used on multiple Networks such as Interac, MasterCard or VISA. Customers will decide to use a particular card based on a number of factors such as whether the card is associated with a network accepted by the merchant the customer purchases goods and services from, the fees the customer will pay to use the card, and any benefits the customer receives from use of the card (i.e. air miles, cash back, etc.). Concerns have been expressed by retail merchants that the new PIN secured Credit Cards offered by MasterCard and VISA will be favored by financial institutions over Interac (because financial institutions can earn more revenue through the higher pricing models typically associated with Credit Card). The routing of the debit or credit transaction to proprietary networks such as VISA and MasterCard could have a dramatic effect on the historical revenue stream of Canada's largest debit network Interac which could result in effecting the Corporation's ongoing revenue stream. The Canadian federal government has announced that they will not be taking steps to block MasterCard and VISA from offering PIN based card products in competition with Interac.

The Corporation employs a number of employees and contractors that conduct very significant services to the Corporation's operating systems associated to our Switch Operations. In the course of supplying those services and supports if one or more of these individuals in key control positions were to perpetrate a fraud (for example, relating to settlement of transactions, altering account deposit account details, changing customer charging details, fraudulently ordering cash to a non Corporate owned location, or creating fake accounts), this could have a negative impact on the Corporation's cash flow. To reduce this risk the Corporation has put into place significant internal controls and monitoring to detect any of these possible activities, and the Corporation requires dual entry for many of the encryption key loading and control processes related to the cash settlement process.

You should not consider prior growth rates in our revenue to be indicative of our future operating results. The timing and amount of future revenues will depend on our ability to add new ATM/POS terminals to the switch product. Our future operating results will depend upon many other factors, including:

- the level of processing transactions and price competition,

- our success in expanding our business network and managing our growth,

- our ability to develop and market product enhancements and new products,

- the ability to hire additional employees, and

- the timing of such hiring and the ability to control costs.

We do not anticipate paying cash dividends on our capital stock in the foreseeable future.

We do not anticipate paying cash dividends in the foreseeable future. We currently intend to retain our future earnings, if any, to fund the growth of our business.

Disaster Recovery

The Corporation has a Disaster Recovery Site located off-site in Calgary, Alberta, and it may not be possible to effectively transition on a timely basis all of the Corporation's operations and functions to the off-site facility in the event of disaster or equipment failure. The Corporation maintains an addition manual backup program and UPS (uninterruptible power source or battery backup) on site within the Corporation's general office and full back up auxiliary power and redundant broad band supply at our off-site Disaster Recovery Site.

Software Viruses and Network Intrusion

The Corporation maintains many different networks and management information systems (some of which are interconnected) and some of which are connected to the internet or to other external networks. The Corporation may be susceptible to viruses and network intrusions by third parties. Furthermore, network intrusions that occur on outside networks (or the internet) that the Corporation connects to can spread to the Corporation. Any intrusion or virus could impact the performance of the transaction processing capabilities of the Corporation's Switch and management software and in a worst case scenario could require temporary shutdown of the affected systems (and the related services offered by the Corporation), and compromise information about customers, users and employees. Systems that are accessed through the internet are also subject to "denial of service" attacks. These attacks do not involve an intrusion into the system but can effectively make the systems unavailable to the Corporation's customers and employees.

The Corporation maintains significant and complex security policies and procedures to manage these risks, some of which include intrusion detection software, virus monitoring software, IP blocking, IP tracking software, complex encryption for transactions, network monitoring and reporting solutions as well as application and data base level restrictions and controls through network design and implementation.

Uninsured and Underinsured Losses

The insurance coverage currently maintained by the Corporation is in the form of comprehensive property and casualty insurance, including coverage in respect of claims for bodily injury or property damage arising out of assets or operations. In many of the Corporation's customer contracts, the customer is required to maintain insurance with the Corporation named as a loss payee. Although efforts are made to carry out verification it is difficult to monitor as to the effectiveness of the maintenance of the insurance coverage and that the necessary insurance is currently in place. Even in cases where the Corporation's customers remain contractually obligated to maintain insurance for the Corporation's benefit, it is possible that when a loss occurs the necessary insurance will not be in place or will deny coverage.

The Corporation does carry insurance for cash in transit. As a result, not all risks facing the Corporation are now or will be covered by insurance, and no assurance can be given that insurance will be consistently available on an economically feasible basis or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the Corporation's assets or operations. In particular, damage caused by an accidental or natural disaster to any or all of the Corporation's office/warehouse facilities, including the contracted Switch operation, may have a material adverse affect on the financial well being of the Corporation's operations.

Dependency on Networks and Other Counterparties for a Number of Contracts and Business Arrangements

The Corporation depends (directly or indirectly) on a number of Networks and counterparties in the conduct of the Corporation's Business, including Interac, MasterCard, VISA, Plus, Cirrus, Moneris Solutions Corp., Bank of Montreal, Royal Bank of Canada, Shaw Communications Inc., the DPL Group, TNSI, Trans Armored Canada Ltd., and equipment and software vendors such as ACI Worldwide Inc., Rycom Inc. and ebackup Inc. There can be no assurance that any of these counterparties will be able to continue to perform their respective obligations and contracts or that the Corporation will be allowed to continue its memberships with applicable Networks. An interruption in or the termination of any contract or business arrangement by any counterparty (including, in relation to the Corporation's access to Networks, the supply by banks of cash for The Corporation's ATM cash loads, the use of the Corporation's own employees to load the Corporation's Full Placement ATMs, and the Corporation's inability to make alternative arrangements in a timely manner, or at all), could have a material adverse effect on The Corporation's Business, financial condition and operating results.

In addition, the Corporation periodically negotiates renewal terms for these contracts, business arrangements and memberships and there can be no assurance that such renewal terms will remain acceptable to the Corporation or any such counterparty or Network. An interruption in the Corporation's relationship with certain of these counterparties could materially adversely affect the Corporation's ability to process ATM, Debit Terminal, Prepaid Card transactions. If The Corporation were to lose the Corporation's access to Interac or MasterCard memberships, this would immediately result in a material adverse effect to the Corporation's business. The Corporation is also a large user of, and the Corporation's communication and processing systems are dependent on hardware and software sourced from ACI Worldwide Inc. and Rycom Inc. There can be no assurance that the Corporation would be able to find alternate supplies or sources of distribution in a timely manner.

We depend upon key personnel, the loss of which could seriously harm our business.

Our performance is substantially dependent on the continued services of our executive officers and key employees. Our long-term success will depend on our ability to recruit, retain and motivate highly skilled personnel. Competition for such personnel is intense. We have at times experienced difficulties in recruiting qualified personnel, and we may experience difficulties in the future. The Corporation has historically been dependent on a relatively small number of key officers and employees, the loss of any of whom could have an adverse effect on the Corporation. Due to the technical nature of its business operations, the Corporation is dependent upon its ability to continue to attract and retain qualified management, marketing, information technology and technical personnel. There is competition for qualified personnel in the Corporation's business and in related businesses and there can be no assurance that the Corporation will be able to continue to attract and retain qualified personnel necessary for the development of the Corporation's businesses. Douglas Mac Donald continues to act as President and C.E.O. of the Corporation and its principal subsidiaries under an ongoing employment agreement with the Corporation.

Clients, Contracts & Market Saturation

The Corporation may be unable to maintain and expand the Corporation's customer base and may not be able to renew the Corporation's contracts on the same or similar terms and conditions as that which presently exist. The ATM and Debit Terminal markets may reach saturation and organic growth may be limited to market size. As well, the Corporation's profitability may be affected by a number of factors including the expiry or termination of existing Placement Contracts, Processing Contracts or card management contracts. The Corporation may not be able to enforce the terms of certain of the Corporation's contracts depending on the laws of the applicable jurisdiction.

Competition and Technological Change

The ATM, Debit Terminal and prepaid products businesses are highly competitive. The Corporation's competitors include some of the major financial institutions in Canada who have greater financial and human resources and greater name recognition than the Corporation. As well, if existing or new competitors gain market share, the Corporation's business and operating results could be adversely affected. The Corporation's future and existing competitors could also introduce products with superior features and functionality at lower prices than the Corporation's products, and could potentially bundle existing or new products with other more established products in order to compete with the Corporation.

The introduction of new technologies, and any potential limitations or changes to the Corporation's network or changes to security requirements could all have a materially adverse impact on the Corporation's business. Competitors could also gain market share by acquiring or forming strategic alliances with other competitors. If existing or future competitors seek to gain or retain market share by reducing margin on products sold, the Corporation may also be required to reduce the Corporation's margins or the Corporation's fee structure or increase amounts payable to third parties, retailers, sales agents and resellers, which may reduce the Corporation's revenue and cash flow.

Transaction Volumes

The Corporation's revenues are largely dependent on (a) transaction volumes at ATMs. If these transaction volumes decrease with the proliferation of additional ATMs in the market, the Corporation's revenues and profitability will be negatively impacted.

Requirement for Additional Capital

Actual expenses may exceed the Corporation's projected amounts and/or actual revenues may be less than the Corporation currently anticipates, in which case the Corporation may need to raise additional funds from lenders and equity markets in the future. In addition the Corporation may choose to raise additional financing in order to capitalize on perceived opportunities in the marketplace that may accelerate the Corporation's growth objectives. The Corporation's abilities to arrange such financing in the future will depend in part on the prevailing capital market conditions as well as the Corporation's business performance. There can be no assurance that the Corporation will be successful in efforts to arrange additional financing, if needed, on terms satisfactory to the Corporation. If additional equity or debt financing is raised by the issuance of the Corporation Shares, control of the Corporation may change and holders of the Corporation Shares may experience dilution to their equity interest in the Corporation.

Vault Cash

The Corporation maintains cash in many ATMs (i.e. is the owner of the cash and is responsible for replenishing cash in such ATMs). The Corporation's vault cash requirements are funded in part from private credit facilities. Funding increasing vault cash requirements from historic lines of credit may become limited. The Corporation's ability to fund such requirements and the Corporation’s inability to arrange an appropriate expansion of such credit facilities, would require the Corporation to consider funding alternatives for some ATMs which could result in a reduced level of profitability from the affected ATMs.

Credit Risk

The Corporation's ability to collect amounts due or realize on the personal property security act registration on the Corporation's clients may affect profitability.

Alternative Payments

Alternative payment options could be developed that change individuals' requirements to get cash from ATMs or make purchases with debit cards or credit cards. Some new payment technologies that have emerged in the past few years include pay-pass and touch and go systems and payment systems that utilize features built into cellular phones. To date these alternative technologies have not had a measurable impact. However, these technologies and new technologies developed in the future could become more prevalent and thereby negatively impact the Corporation's business.

Need to Manage Growth Effectively

If the Corporation fails to manage the Corporation's growth effectively, The Corporation's business and operating results could be adversely affected, which could impact the market price of the Corporation's Shares to fall. The Corporation expects to continue to grow the operations of the Corporation domestically and internationally, and to hire additional employees. The growth in the Corporation's operations and staff has placed, and will continue to place, a strain on existing management systems and resources. If the Corporation fails to manage its future anticipated growth, the Corporation may experience higher operating expenses, and may be unable to meet the expectations of shareholders, securities analysts or prospective investors with respect to future operating results.

The Market Price of the Corporation Shares Will Fluctuate

Since being listed for trading on the OTC:QB under the trading symbol WSHE on July 21, 2001, shares of the Corporation have not necessarily traded at values determined solely by reference to the underlying value of its assets. In addition, the market price for the Corporation's Shares may be affected by changes in general market conditions, fluctuations in the market for equity or debt securities and numerous other factors beyond the control of the Corporation. The Management and Board of Directors have over the past year examined the cost-benefits of the continuation of being listed for trading, particularly on the OTC:QB. Trading restrictions issued by various securities jurisdictions combined with less than positive brokerage acceptance of our stock for placement within our shareholders brokerage accounts has been problematic to the Board. The Board will continue to review all options available to the Corporation in order to ensure preservation of shareholder value, one of which is the expansion of the preferred share position to include all current shareholders.

Proprietary Information

The Corporation relies on a combination of copyright, trademark and trade secret laws, confidentiality procedures, contractual provisions and other measures to protect its proprietary information. All of these measures afford only limited protection. These measures may be invalidated, circumvented or challenged. Despite the Corporation's best efforts to protect proprietary rights, unauthorized parties may attempt to obtain or use information that the Corporation regards as proprietary.

Interest Rate Fluctuations

The Corporation's debt fluctuates from time to time and the Corporation pays interest on the Corporation's debt on floating and fixed interest rates. Accordingly, any increase in rates may have a negative impact on profitability.

Our management has broad discretion over the use of capital raised.

We plan on raising capital for working capital and to help pay off the outstanding indebtedness and for general corporate purposes. Thus, management will have broad discretion in allocating proceeds of any offering.

ITEM 1B UNRESOLVED STAFF COMMENTS

As a smaller reporting Corporation, the Corporation is not required to include this Item.

ITEM 2 DESCRIPTION OF PROPERTIES

Principal Offices and Other Property

Our property holdings are as follows:

1. #12, 3620 – 29th Street N.E. Calgary, Alberta T1Y 5Z8

Effective May 01, 2009, E-Debit Global consolidated all of its business operations into a 3,400 square foot facility in the northeast area of Calgary just minutes from the Calgary International Airport. This move reduced our payments significantly from the previous leased space. We lease this property at a rate of $6,269.00 CDN per month plus operating expenses and applicable taxes. This facility houses our administrative headquarters, ATM and POS operations, service and administrative center, Westsphere Systems and E-Debit. On May 1, 2009, we signed the lease for five (5) years commencing on May 1, 2009 and ending on April 30, 2014 with Alberta Registered Corporation 1480325 Alberta Ltd. who's Officers and Directors consist of the Corporation's President and Chief Executive Officer, Douglas Mac Donald and the Corporation's Director, Bernd Reuscher. The shareholders of 1480325 Alberta Ltd. (the Landlord) are corporations controlled by Douglas Mac Donald and Bernd Reuscher. The lease agreement provides the Corporation an option to purchase the property during the course of the Lease Agreement.

2. #11, 3620 – 29th Street N.E. Calgary, Alberta T1Y 5Z8

Effective June 1, 2010, E-Debit Global leased this property at a rate of $3,100.00 CDN per month plus operating expenses and applicable taxes. This facility houses our ATM and POS service and sales operations center, Westsphere Systems and E-Debit. On June 1, 2010, we signed a month to month lease commencing on June 1, 2010 with Alberta Registered Corporation 1480325 Alberta Ltd. who's Officers and Directors consist of the Corporation's President and Chief Executive Officer, Douglas Mac Donald and the Corporation's Director, Bernd Reuscher. The shareholders of 1480325 Alberta Ltd. (the Landlord) are corporations controlled by Douglas Mac Donald and Bernd Reuscher. The lease agreement provides the Corporation an option to purchase the property during the course of the Lease Agreement.

ITEM 3 LEGAL PROCEEDINGS

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 Defence 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 Corporation believes the claim by Gregory to be without merit. In January 2012, the Corporation received a copy of notice of garnishment from our bank institution against Vencash's bank account for the total amount not to exceed $31,649 CDN. The Corporation did not receive the notification for the judgement and is presently seeking legal advice. This notice was rescinded by the bank upon delivery. The Corporation is currently reviewing the related correspondence and in consultation with legal counsel upon completion of the review will respond to any further action initiated by Gregory in this regard.

On January 25, 2009, Victory ATM filed an action in the Nova Scotia Superior Court against Vencash Capital Corporation. Victory ATM was formerly a customer of Vencash distributor Bullion Investments Inc. and claimed that supplied vault cash to a contracted armoured car Corporation had been misappropriated for a total of approximately $45,000 CDN. The Corporation has filed a statement of defense stating that Vencash had no care control or access to the vault cash supplied by Victory ATM and the only role that Vencash played was processing the Victory ATM transactions in their designated site locations. The Corporation believes the claim by Victory ATM to be without merit and has not accrued a liability for the claim. As of March 2011, our Nova Scotia legal counsel has advised that she will monitor this situation for the next month and upon discussion with Victory ATM legal counsel will make application to the courts to have the claim initiated against Vencash terminated.

On December 11, 2012, Mainland Investments, Inc. and Research Driven Investor, LLC filed an action in the Alberta Court of Queen's Bench against E-Debit Global Corporation, E-Debit's officers, and various other parties. Mainland Investment Inc. and Research Driven Investor, LLC (RDI) are specialized in investor relations firms and claimed for a total of $150,000 CDN as per the investor relations consulting agreement between RDI and the Corporation. On February 4, 2013, the Corporation and E-Debit's officers have filed a statement of defense denying that there had ever existed an agreement between RDI and E-Debit. The Corporation has a signed Investor Relations Consulting Agreement with Open Waters Investments Inc. (OWI) and deny that OWI ever had authority to enter into written or oral agreement with RDI on behalf of E-Debit, or, that E-Debit ever contractually agreed to or represented that it had appointed RDI as its advisor. The Corporation believes the claim by Mainland Investments, and Research Drive Investor, LLC to be without merit and has not accrued a liability for the claim.

On December 14, 2012, Trans-Armored Canada Inc. filed an action in the Nova Scotia Superior Court against Westsphere Systems Inc. (WSI). Trans-Armored Canada Inc. (TAC) was formerly a contracted armoured car Corporation to deliver vault cash to site locations and claimed for a total outstanding debt of $34,325 CDN. As set out in the 15th of August 2007 TAC/Vencash Agreement, the Corporation's President and Chief Executive Officer sits as a member of the board of directors and represents 50% of TAC's board of directors. The Corporation is currently reviewing the related correspondence and is in consultation with legal counsel to file a statement of defense. The Corporation has released what it believes to be the full and final payment to TAC in May 2012 where the Corporation and TAC mutually agreed to offset the full amount of deposit due from TAC against the accounts payable owed to TAC. The Corporation believes the claim by Trans-Armored Canada Inc. to be without merit and has not accrued a liability for the claim.

Contingency

Since 2009, Interac, MasterCard and VISA have mandated a hardware and software security upgrade for ATMs, Debit Terminals and the Corporation's Switch.

Security upgrades are required under Interac, MasterCard, and VISA rules. These upgrades include the requirements to have:

(a) EMV (Europay, MasterCard, VISA) certified chip card (the replacement technology for the historical magnetic stripe cards)software/readers, and

(b) network approved encrypted PIN pad ("EPP") devices, installed on all ATMs and debit terminals: thereby providing the ability to accept EMV chip card transactions. This has required and will also require further upgrading the Corporation's Switch to process EMV chip card transactions, and adding additional encryption methods to Corporations managed ATMs and Debit terminals, Triple DES Encryption.

The Corporation's understanding of the deadlines mandated by Interac and MasterCard for conversion of ATMs and debit terminals (i.e. to read the EMV microchip on a card rather than a magnetic stripe) are as follows:

(c) 50% of all ATMs must be upgraded with an EMV certified chip pin entry device by December 31, 2011 and 100% of ATMs must be upgraded by December 31, 2012;
(d) 35% of debit terminals must be upgraded with an EMV certified chip pin entry device by December 31, 2010, 60% must be converted by December 31, 2012, and 100% must be upgraded by December 31, 2015.

VISA's rule changes do not require a switch to the new technology by any particular date. However, both MasterCard and VISA rules provide that after March 31, 2011, certain liabilities (i.e. in respect of transaction errors or frauds) will be reallocated to industry participants who are still accessing the MasterCard and VISA networks using non-upgraded equipment, cards or software.

In addition to the security upgrades to ATM and Debit Terminals, in order to access Interac, cards (i.e. the debit cards issued by financial institutions) must be upgraded (i.e. reissued) to have EMV chips installed: 65% by December 31 2011 and 100% by December 31, 2012.

The result of non-compliance can include penalties, fines, sanctions and contractual penalties by the applicable Network(s) and ultimately disconnection of the ATM and Debit Terminal device or card from the Network for failure to comply by the end dates. The Corporation will be investing maintenance capital and upgrading its IT department to meet these upgrade deadlines. The Corporation's customers who own their own equipment are encouraged to make the necessary changes to their equipment and in some cases the Corporation has the contractual right to make the necessary changes for the customer (and charge the customer for the cost of the change).

Management believes that the Corporation and/or its subsidiaries are in compliance with EMV requirements.

Investment Policies

We do not have any investments in real estate, real estate mortgages or securities involving real estate.

ITEM 4 REMOVED AND RESERVED

18

PART II

ITEM 5 MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

On June 22, 2001, our common stock was posted for trading on the Over-the-Counter Bulletin Board ("OTCBB") under the symbol "WSHA".

Effective April 01, 2005, our common stock was trading on the OTCBB under the symbol "WSHE". Our preferred shares are non-trading and voting is vested with the Board of Directors. On March 29, 2010, Westsphere officially changed its name from Westsphere Asset Corporation, Inc. to E-Debit Global Corporation. The new CUSIP number is 26841A 105, which was filed with Colorado Secretary of State on March 29, 2010. The Corporation submitted all documents to FINRA for the name change on April 01, 2010.

	High	Low
2012		
1st Quarter	$0.01	$0.00
2nd Quarter	$0.00	$0.00
3rd Quarter	$0.01	$0.00
4th Quarter	$0.05	$0.00

	High	Low
2011		
1st Quarter	$0.09	$0.02
2nd Quarter	$0.12	$0.01
3rd Quarter	$0.04	$0.01
4th Quarter	$0.02	$0.00

These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

As of March 31, 2013, we have approximately three hundred and seventy six (376) shareholders including unknown shareholders in brokerage accounts.

No dividends on outstanding common or preferred stock have been paid or declared within the last two (2) fiscal years or during any interim periods. We do not anticipate or intend to pay any dividends in the foreseeable future.

Securities Authorized for Issuance under Equity Compensation Plans

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column

			(a)) (1) (c)
Equity compensation plans approved by security holders	0	0	0
Equity compensation plans not approved by security holders (1)	11,739,286	$ 953,393	0
Total	11,739,286	$ 953,393	0

(1) The Board of Directors adopted the Westsphere Asset Corporation 2004 Stock Option and Stock Award Plan. The Plan is administered by the Corporation's President, Mr. Douglas Mac Donald. In December 2009, the Corporation approved the amendment of the outstanding and current Stock Option and Stock Award Plan filed on January 26, 2005 which remains in effect to January 26, 2015. The maximum number of shares of the Common Stock that may be optioned or awarded under this Plan is 7,500,000 pre-split shares. No Participant shall receive, over the term of this Plan, awards of free trading stock and restricted stock, awards in the form of stock appreciation rights or options, whether incentive stock options or options other than incentive stock option, to purchase, more than 20 percent of the total shares of Common Stock authorized for issuance under the Plan.

On October 26, 2010, pursuant to the authorization of the Corporation's shareholders given at the annual shareholders meeting held on March 27, 2010, management filed a notice of corporate action with the Financial Industry Regulatory Authority (FINRA) declaring a 5 to 1 forward split of the outstanding common stock effective November 8, 2010 or as soon thereafter as determined by FINRA.

On November 15, 2010, the Financial Industry Regulatory Authority made the previously announced 5 to 1 forward split of the outstanding common stock effective. Therefore the maximum number of shares of the Common Stock that may be optioned or awarded under this Plan is 37,500,000 shares.

ITEM 6 SELECTED FINANCIAL DATA

As a smaller reporting Corporation, the Corporation is not required to include this Item.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND CHANGES IN FINANCIAL CONDITION AND RESULTS OF OPERATIONS

E-Debit and its subsidiaries generated a net loss of $831,276 from operations for the twelve month period ending December 31, 2012. During the period of operations ending December 31, 2011, E-Debit and its subsidiaries generated a net loss of $1,095,912. The decrease in year 2012's net loss of $264,636 over the previous year was primarily due to a decrease in consulting fees of $26,458, a decrease in salaries and benefits of $36,535, a decrease in stock-based compensation of $29,227, a decrease in travel, delivery and vehicle expenses of $23,060, a decrease in interest expense of $5,674, and an increase in gain on sale of $801,204. The decrease in net loss is partially offset against a decrease in gross profit of $218,468, an increase in impairment loss of $381,019, and a decrease in other income of $72,410 over the same period from the previous year.

The decrease in consulting fees was caused by a decrease adjustment in the monthly consulting fee contract effective May 2012.

The decrease in salaries and benefits was caused by an elimination of four positions during year 2011: An account manager, a programmer, a sales consultant, and a junior accountant.

The decrease in stock-based compensation expense was related to the Corporation granted options to three consultants under the 2004 Stock Option and Stock Award Plan in the prior year. The stock-based compensation expense was determined by using the Black Scholes calculation.

The decrease in interest expense was due to a reduction of $12,193 interest charged from a vendor.

On April 30, 2012 the Corporation concluded the sale of a portion of the Corporation's eastern Canada ATMs site location contracts to an investor for a total of $263,418 ($266,000 CDN). This sale transaction is included in the accompanying consolidated income statement as Gain on sale. As a result, the General Security Agreement (GSA) for the current debts owed to related parties and shareholders dated December 2011 was cancelled in order for this sales transaction to be filed in priority to other loans advanced to the Corporation by related parties.

On October 25, 2012 the Corporation concluded the sale of a portion of the Corporation's Western Canada ATMs site location contracts to an investor for a total of $184,643 ($183,000 CDN). This sale transaction is included in the accompanying consolidated income statement as Gain on sale.

On December 5, 2012 the Corporation concluded the sale of a portion of the Corporation's eastern Canada ATMs site location contracts to an investor for a total of $353,143 ($350,000 CDN). This sale transaction is included in the accompanying consolidated income statement as Gain on sale.

The Corporation is expecting a net loss of $57,000 in residual and interchange revenue in the year 2013 for the sale of the Corporation's ATMs site location contracts to an investor in the year 2012.

The decrease in gross profit of $218,468 was primarily caused by a decrease in residual and interchange income of $993,809 and a decrease in equipment and supplies revenue of $14,041. The decrease is partially offset against a decrease in residual and interchange costs of $740,202 and a decrease in equipment and supplies cost of sales of $70,389.

The decrease in residual and interchange income was mainly caused by the sale of a majority of the Corporation's ATMs site location contracts to an investor during the year 2012.

The decrease in other income was mainly related to the forgiveness of debt owed to the Corporation's former auditor and suppliers in the prior year.

The property and equipment which has been idle was related to the purchase of computer hardware and software for the card management system in June 2010. The software and computer hardware was purchased as a turnkey operating system which focused on a loyalty based platform. As of December 31, 2012, the Corporation recorded an impairment charge of $381,019 to reduce the idle property and equipment to zero based on an annual property and equipment impairment analysis performed in response to hardware and software security upgrade mandated under Interac, MasterCard and VISA rules. These upgrades include the requirements to have EMV (Europay, MasterCard, VISA) certified chip card (the replacement technology for the historical magnetic stripe cards) software/readers, and network approved encrypted PIN pad ("EPP") devices, installed on all ATMs and debit terminals: thereby providing the ability to accept EMV chip card transactions. The Corporation has determined that it is not cost effective for the upgrades and the outcome is uncertain. In addition, management intends to raise funds for the project but no assurance can be given that the Corporation will be successful in raising additional capital.

At this date, 275 ATM are being processed by WSI's switch. The number of ATMs being processed during the year 2012 has been decreased as compared to 661 ATM in the prior year. The decrease is mainly caused by the sale of a majority of the Corporation's ATMs site location contracts to an investor during year 2012.

In May 2012, the Corporation's Board of Directors authorized the holders of its Common Stock the right to convert their Common Stock to Series "A" Preferred Shares of the Corporation commencing the 1st of June 2012 and ending on the 30th of November 2012. The Board of Directors has reserved the right to extend the conversion period anytime at a later date.

A contingency initially existed due to insufficient authorized preferred stock to convert all the common stock. The Corporation proposed to increase the number of authorized preferred stock to be voted on at the shareholder meeting in September 2012.

The Corporation's Series "A" Preferred Shares have the following conditions and rights attached:

(a) Upon any sale, liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any stock ranking junior to the Corporation's Series "A" Preferred Stock, the holders of the Series "A" Preferred Stock shall be entitled to be paid out of the assets of the Corporation any dividends declared by the Board of Directors, in the form of stock, cash or otherwise, shall be distributed to the Corporation's shareholders as follows: (a) ninety-five percent (95%) of such dividend shall be distributed to the holders of the Series "A" Preferred Shares on a pro rata basis; and (b) the remaining five (5%) shall be equally distributed to any holder of the Corporations Stock including Series "A" Preferred shareholders, on a pro rata basis.

(b) In the case of a sale of any of the Corporation's business operations or in the event of a wind up or a liquidation of the Corporation's assets, the remaining cash to be distributed to the shareholders shall be distributed on the same basis as described in paragraph (a) above.

(c) The Board of Directors will determine the amount of proceeds to be distributed from the sale of any of the Corporation's assets and will determine whether any dividend will be issued by the Corporation. The Board of Directors will determine the date that such dividend or distribution will be paid.

(d) During the period commencing on June 1, 2012 and concluding on November 30, 2012, each holder of shares of common stock shall have the right to surrender their shares of common stock in exchange for shares of preferred stock on a basis of 1:1. Each shareholder shall exercise this right by delivering to the Corporation or the Corporation’s transfer agent the certificates representing such shareholder’s shares of common stock, duly endorsed with appropriate signature guarantees affixed thereto, on or before the date determined above in this subsection (d).

(e) Each share of Series “A” Preferred stock shall have voting rights of one vote per share for any election or other vote placed before the shareholders of the Corporation.

(f) Upon conversion the Board of Directors shall exercise the right to vote the preferred shares at any duly called meeting of the shareholders in the same manner as previously issued preferred shares.

(g) Series “A” Preferred Stock are anti-dilutive to reverse splits in relation to the voting rights of the Corporation’s Series “A” Preferred Stock, and therefore in the case of a reverse split, the voting rights of the Series “A” Preferred Stock after the reverse split shall be equal to the ratio established prior to the reverse split. The voting rights of Series “A” Preferred Stock, however, would increase proportionately in the case of forward splits, and may not be diluted by a reverse split following a forward split.

(h) Excepting for Section (g) above, a consolidation or split of one class of the Corporation’s stock the Board of Directors shall determine the effect on any other class of shares.

(i) Upon conversion of a common share to a preferred share, the preferred shareholder will have the right to convert such preferred share to share of common stock upon delivery of 21 days written notice to the Corporation, at the closing trading price on the date that notice is given for the conversion per share payable to the Corporation.

(j) Upon receipt of notice of the request to convert from preferred share to common stock, share certificates will be issued with the following share trading restrictions. 1/3 of the total shares to be converted will be restricted from trading for a period of 1 months from the date of conversion; 1/3 of the total shares to be converted will be restricted from trading for a period of 3 months from the date of conversion; and 1/3 of the total shares to be converted will be restricted from trading for a period of 6 months from the date of conversion.

On August 10, 2012, the Board of Directors authorized all holders of the Corporation’s outstanding indebtedness by way of loan agreements, promissory notes or other security instruments to convert their debt to common stock of the Corporation at a conversion price which would have been the average of the previous 5 day closing trading price of the Corporation’s stock currently listed on the OTC QB under trading symbol “WSHE” or $0.001 per share whichever is greater at the time the Convertible Note Holders would have notified the Corporation in writing of its request to convert.

The Corporation’s Board of Directors would have had the right at its sole discretion and determination to obtain from the converting note-holder or its authorized assigns an irrevocable proxy to vote the converted common stock related to the conversion at any duly constituted meeting of the shareholders while the debt holder or its authorized assigns held an interest in the common stock.

The Corporation’s Board of Directors also resolved that the common stock issued as a result of any conversion of debt by way of the issued Convertible Note would not qualify for conversion to the Corporation’s preferred share at the time of conversion or any time in the future and request for conversion from common stock to preferred is prohibited and will be rejected.

On October 10, 2012, the Board of Directors amended the August 10, 2012 Directors resolution regarding the issuance of convertible notes. The Board determined that in addition to the terms and conditions as set out in the Debt Settlement Resolution, any debt settlement commencing after the 10th day of October, 2012 must be approved by the President of the Corporation and authorized by a majority of the Board of Directors of the Corporation to become effective. This resolution invites the debt holders to discuss the option to convert their debt into equity but the Corporation has no obligation to do so and the debt holder have no contractual right to make any conversion. The Corporation has the right to accept or reject the request to convert by the debt holders on a case by case basis. The terms and conditions of any agreed to conversion will be disclosed in the appropriate SEC filings.

On August 15, 2012, three of the creditors of $95,460, $50,000 and $90,000 debt (as further discussed below) exercised their convertible notes totaling of $235,460 for 235,460,000 shares of common stock at $0.001 per share, being the greater of the previous five day average closing trading price. These shares are restricted for six (6) months until February 15, 2013 pursuant to rule 144 of the Securities and Exchange Commission.

The Corporation issued 95,460,000 shares of common stock to a creditor in conversion of $95,460 ($95,460 CDN), of convertible debt at the rate of $0.001 per share, being the greater of the previous five day average closing trading price. These shares are restricted for six (6) months until February 15, 2013. The security holder has assigned an irrevocable proxy to vote to the Corporation Board of Directors. This proxy shall not be revocable until the transfer of the title and ownership to the shares from the record holder to an arm's length non related third party.

The Corporation issued 50,000,000 shares of common stock to a creditor in conversion of $50,000 ($50,000 CDN), of convertible debt at the rate of $0.001 per share, being the greater of the previous five day average closing trading price. These shares are restricted for six (6) months until February 15, 2013. The security holder has assigned an irrevocable proxy to vote to the Corporation Board of Directors. This proxy shall not be revocable until the transfer of the title and ownership to the shares from the record holder to an arm's length non related third party.

The Corporation issued 90,000,000 shares of common stock to an Investor Relations firm in conversion of $90,000 ($90,000 CDN), of convertible debt at the rate of $0.001 per share, being the greater of the previous five day average closing trading price. These shares are restricted for six (6) months until February 15, 2013. The security holder has assigned an irrevocable proxy to vote to the Corporation Board of Directors. This proxy shall not be revocable until the transfer of the title and ownership to the shares from the record holder to an arm's length non related third party.

On September 18, 2012, the Corporation amended its articles of incorporation to increase its authorized capital to Ten Billion (10,000,000,000) shares of no par value common stock and Two Hundred Million (200,000,000) of no par value preferred stock.

On November 25, 2012, the Corporation's president exercised the right to convert Common Stock to Series "A" Preferred Shares for 10,662,510 common shares to 10,662,510 preferred shares. The issuance of 6,250,000 of preferred shares was issued to the Corporation's president and 4,412,510 of preferred shares were issued to two of the affiliated Corporation that is controlled by the Corporation's president.

Total issued and outstanding share capital as of March 31, 2013 was 320,046,834 common shares and 81,518,410 preferred shares.

On August 15, 2012 the Corporation and its subsidiaries jointly and severally entered into a Demand Loan Agreement and related GSA with an investor for a loan of $100,509 ($100,000 CDN) at a prime lending rate of Canadian Prime plus four (4%) percent. Under the GSA, this debt is collateralized by all of the Corporation's assets. Upon demand the Corporation has forty-five (45) days to repay the Demand Loan and interest. As of December 31, 2012, the balance is $100,509 ($100,000 CDN). This loan is included in the accompanying consolidated balance sheet as Loans payable.

On November 26, 2012 the Alberta Securities Commission (ASC) notified the Corporation of the new rule, Multilateral Instrument 51-105 Issuers Quoted in the U.S. Over-the-Counter Markets (the Instrument) that was effective on July 31, 2012. The Instrument designates as reporting issuers in the local jurisdiction, any issuer whose securities are quoted on a US OTC market but not on another North American exchange listed in the Instrument or in AB Blanket Order 51-513 Relief from Multilateral Instrument 51-105 Issuers Quoted in the U.S. Over-the-Counter Markets (the Blanket Order) and that have a significant connection to that local jurisdiction. ASC has performed a preliminary review of the Corporation's affairs and determined that the Corporation appears to have a sufficient connection to Alberta so as to cause the Corporation to be designated as an "OTC reporting issuer" under the Instrument in Alberta.

E-Debit currently is a reporting issuer in British Columbia jurisdiction in Canada. On December 11, 2012, E-Debit confirmed with British Columbia Securities Commission (BCSC) that the Corporation no longer required filing the reporting requirements to BCSC. The Corporation started to file the reporting requirements in Alberta effective July 31, 2012.

In December 2012 the Corporation entered into an agreement to sell its remaining ATM site location contracts to an investor for an amount to be determined. The Corporation expects such transactions to be completed by the end of the second quarter 2013.

On December 11, 2012, Mainland Investments, Inc. and Research Driven Investor, LLC filed an action in the Alberta Court of Queen's Bench against E-Debit Global Corporation, E-Debit's officers, and various other parties. Mainland Investment Inc. and Research Driven Investor, LLC (RDI) (specialized investor relations firms) claimed for a total of $150,000 CDN related to an alleged investor relations consulting agreement between RDI and the Corporation. On February 4, 2013, the Corporation and E-Debit's officers have filed a statement of defense denying that there had ever existed an agreement between RDI and E-Debit. The Corporation has a signed Investor Relations Consulting Agreement with Open Waters Investments Inc. (OWI) and deny that OWI ever had authority to enter into written or oral agreement with RDI on behalf of E-Debit, or that E-Debit ever contractually agreed to or represented that it had appointed RDI as its advisor. The Corporation believes the claim by Mainland Investments, and Research Drive Investor, LLC to be without merit and has not accrued a liability for the claim.

On December 14, 2012, Trans-Armored Canada Inc. filed an action in the Nova Scotia Superior Court against Westsphere Systems Inc. (WSI). Trans-Armored Canada Inc. (TAC) was formerly a contracted armoured car Corporation to deliver vault cash to site locations and claimed for a total outstanding debt of $34,325 CDN. As set out in the 15th of August 2007 TAC/Vencash Agreement, the Corporation's President and Chief Executive Officer sits as a member of the board of directors and represents 50% of TAC's board of directors. The Corporation is currently reviewing the related correspondence and is in consultation with legal counsel to file a statement of defense. The Corporation has released what it believes to be the full and final payment to TAC in May 2012 where the Corporation and TAC mutually agreed to offset the full amount of deposit due from TAC against the accounts payable owed to TAC. The Corporation believes the claim by Trans-Armored Canada Inc. to be without merit and has not accrued a liability for the claim.

On December 13, 2012, Group Link Inc. ("Group Link") was incorporated under the laws of the Province of Alberta as the foundation of the re-establishment of our nationwide distribution network, which in the past allowed for our presence in the Canadian marketplace.

Group Link utilizes a "gated-access network approach" where our Independent Sales Organization members within the Group Link distribution network require either an existing relationship with the Corporation or its affiliate members or the intervention of a contact of the affiliate member. The Group Link distribution network has full access to all business operations of the Corporation and is integrated within the member distributors.

Group Link intends to expand its opportunities to not only the ATM industry but also to build on our experience in developing, managing and operating a national marketing and distribution channel being offered to all Group Link member ISO's with exclusive utilization of the Corporation's wholly owned subsidiary Westsphere Systems Inc. for financial processing services related to revenue payment and revenue splitting functionality.

The Corporation is the majority shareholder of Group Link holding 55% of the issued and outstanding common stock of the Corporation. The Corporation's Chief Executive Officer is Group Link's Chief Executive Officer and Director and holds personally 15% of the issued and outstanding common stock of Group Link. E-Debit's Chief Operating Officer is a Director and personally holds 10% of the issued and outstanding common stock of Group Link. Group Link's President and Group Link's Chief Development Officer both are Directors of Group Link and each hold 10% of the issued and outstanding common stock of the Group Link.

E-Debit and its subsidiaries currently do not generate sufficient revenues to meet overhead needs. This is due to E-Debit switch operations which were launched in January 2009 and commencing rollover of ATMs to process all transactions. The switch operations currently do not generate sufficient revenue to cover its expenses. In addition, E-Debit continues to experience a steady decrease in gross profit mainly due to the sale of the majority of ATMs site location contracts during the year 2012. Management recognizes that the Corporation 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 Corporation 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 subsidiaries Westsphere Systems Inc. and Vencash Payment Solutions Inc. and loans 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. and Vencash Payment Solutions Inc.

Changes in Financial Position

During fiscal year 2012, total assets decreased from $1,602,685 to $636,246. The decrease is primarily due to a decrease in cash of $49,594, a decrease in restricted cash of $406,808, a decrease in property and equipment, idle of $364,625, and a decrease in deposit – related party of $156,668. The decrease is partially offset against an increase in inventory of $54,570.

The decrease in restricted cash over the prior year was mainly caused by the sale of the majority ATMs site location contracts to an investor during the year 2012.

The decrease in property and equipment, idle was caused by management's determination that the card management systems was fully impaired based on an annual property and equipment impairment analysis performed in response to hardware and software security upgrade mandated under Interac, MasterCard and VISA rules. The Corporation has determined that it is not cost effective for the upgrades and the outcome is uncertain. In addition, management intends to raise funds for the project but no assurance can be given that the Corporation will be successful in raising additional capital.

The deposit – related party consists of an amount due from a contractor, Trans Armored Canada (TAC). The deposit carried no interest rate, and required no monthly payments. The purpose of this deposit was to supply vault cash to E-Debit's wholly owned subsidiary Vencash Payment Solutions Inc. (VPSI)'s customer-owned ATM equipment and site locations. The Corporation earned revenues from surcharge transactions generated from these ATMs.

VPSI previously supplied vault cash to these site locations because its customers did not have sufficient vault cash for these site locations. VPSI had subcontracted TAC to deliver vault cash to these site locations. TAC was accountable for the rotation of the cash.

Presently, the Corporation's President and Chief Executive Officer sits as a member of the board of directors which represents 50% of TAC's board of directors and the Corporation has the option to purchase 20% ownership in TAC.

On April 30, 2012 the Corporation concluded the sale of a portion of the Corporation's eastern Canada ATMs estate to an investor. As a result, VPSI was no longer required to supply vault cash to its customer-owned ATM equipment and site locations and the deposit was to be returned to VPSI.

In May 2012, the Corporation and TAC mutually agreed to offset the full amount of deposit against the accounts payable owed to TAC.

The increase in inventory was mainly due to the return of the Corporation's owned ATMs from an investor for the sale of site location contracts during the year 2012.

As of December 31, 2012, E-Debit's current liabilities consisted of accounts payable of $396,988, accrued liabilities of $98,026, loans payable of $287,047, indebtedness to related parties of $1,517,601, and shareholder loans of $292,741.

Accounts payable and accrued liabilities include a payable of $33,793 for the return of surcharge and interchange; the return of switch vault cash of $188,236; legal and accounting fees of $58,071; switch and hosting fees of $71,835; contingent expense of $31,810; accrued vacation payable of $9,035; investors deposits of $10,718; and $91,516 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 $100,509 ($100,000 CDN) with an external arms-length investor, bearing interest at 12% per annum, with blended monthly payments of interest only of $1,009 ($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 Corporation that supplies vault cash to these site locations. The armored car Corporation is accountable for the rotation of the cash and has signed a note receivable for the amount. As of December 31, 2012, the balance is $100,509 ($100,000 CDN). This loan is included in the accompanying consolidated balance sheet as Loans payable.

In November 2007, Westsphere's subsidiary Westsphere Systems Inc. (WSI) raised $128,547 ($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 $1,322 ($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 was to fund the switch development project. In February 2010, the loan was reduced by $62,212 ($65,000 CDN) in exchange for 622,123 common shares at $0.10 per share. In May 2012, the loan was reduced by $1,003 ($998 CDN) in offsetting against the expenses. In September 2012, the loan was reduced by $60 ($60 CDN) in offsetting against the expenses. In December 2012, WSI recorded an accrued interest of $4,570 ($4,547 CDN). As of December 31, 2012, the balance is $69,842 ($69,489 CDN). This loan is included in the accompanying consolidated balance sheet as loans payable.

On December 20, 2011 the Corporation and its subsidiaries jointly and severally entered into a Demand Loan Agreement and related GSA with an investor for a loan of $201,017 ($200,000 CDN) at a prime lending rate of Canadian Prime plus four (4%) percent. Under the GSA, this debt is collateralized by all of the Corporation's assets. Upon demand the Corporation has forty-five (45) days to repay the Demand Loan and interest. On October 24, 2012, the loan was repaid by $107,936 ($107,390 CDN). On December 5, 2012, the loan was repaid by $76,892 ($76,503 CDN). As of December 31, 2012, the balance is $16,187 ($16,107 CDN). This loan is included in the accompanying consolidated balance sheet as Loans payable.

On August 15, 2012 the Corporation and its subsidiaries jointly and severally entered into a Demand Loan Agreement and related GSA with an arms-length third party investor for a loan of $100,509 ($100,000 CDN) at a prime lending rate of Canadian Prime plus four (4%) percent. Under the GSA, this debt is collateralized by all of the Corporation's assets. Upon demand the Corporation has forty-five (45) days to repay the Demand Loan and interest. As of December 31, 2012, the balance is $100,509 ($100,000 CDN). This loan is included in the accompanying consolidated balance sheet as Loans payable.

The following table summarizes the Corporation's indebtedness to related parties' transactions as at December 31, 2012:

Payable to:	Amount	Terms/Maturities	Interest Rate
A loan advanced from E-Debit's President for working capital.	$95,674	Demand loans	8% per annum
A loan advanced from an affiliated Corporation that is controlled by E-Debit's President for working capital.	867,701	Demand loans	8% per annum
A loan advanced from E-Debit's vice President for working capital.	8,521	Demand loans	8% per annum
A loan advanced from E-Debit's officers for working capital.	6,421	Demand loans	8% per annum
A loan advanced from E-Debit's directors for working capital.	89,353	Demand loans	8% per annum
A loan advanced from an affiliated Corporation that is controlled by E-Debit's director for working capital.	208,926	Demand loans	No interest
Officers' and Directors' bonuses payable carried forward from year 2002	33,611	Demand loans	No interest
A loan advanced from an affiliated Corporation that is controlled by E-Debit's President for working capital.	207,394	Demand loans	No interest
Total	$1,517,601		

The indebtedness to related parties consists of loans that are payable on demand by the related parties. The interest rate is Eight (8%) percent annually calculated and paid quarterly attached to the related party loans. There is no interest attached to a loan advanced from E-Debit's director of $208,926, the Officers' and Directors' bonuses payable carried forward from year 2002 of $33,611, and the loan advanced from an affiliated Corporation that is controlled by E-Debit's President for working capital of $207,394. The above obligations are reflected in the accompanying consolidated balance sheet as indebtedness to related parties.

The following table summarizes the Corporation's shareholder loans transactions as at December 31, 2012:

Payable to:	Amount	Terms/Maturities	Interest Rate
A loan advanced from E-Debit's vice President for working capital.	55,280	Demand loans	8% per annum
A loan advanced from E-Debit's directors for working capital.	142,481	Demand loans	8% per annum
A loan advanced from E-Debit's vice President for working capital.	44,726	Demand loans	12% per annum
A loan advanced from E-Debit's shareholder for working capital.	50,254	Demand loans	9% per annum
Total	$292,741		

E-Debit's shareholder loans related to cash advanced from E-Debit's vice president total $55,280 and from directors total $142,481 have an interest rate of 8% per annum calculated and paid quarterly with no specific terms of repayment. The remaining balance of shareholder loans totaling $94,980 consist of a loan advance from E-Debit's vice president totaling $44,726 has an interest rate of 12% per annum with no specific terms of repayment, and a loan advance from a shareholder of $50,254 has an interest rate of 9% per annum with no specific terms of repayment. The above obligations are reflected in the accompanying consolidated balance sheet as shareholder loans.

During the year ended December 31, 2012, E-Debit raised $126,003 cash from an investor to fund for the purchase of ATMs.

During the year ended December 31, 2012, E-Debit raised $171,870 cash from directors and officers to support the switch operations and general and administrative costs.

During the year ended December 31, 2012, $235,460 of debt was converted to 235,460,000 common shares at $0.001 per share.

Liquidity

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

E-Debit expects that its need for liquidity will increase in 2013 in anticipation of expending funds to meet the security upgrade plan. The security upgrades are required under Interac, MasterCard, and VISA rules. These upgrades include the requirements to have:

(a) EMV (Europay, MasterCard, VISA) certified chip card (the replacement technology for the historical magnetic stripe cards) software/readers, and

(b) network approved encrypted PIN pad ("EPP") devices, installed on all ATMs and debit terminals thereby providing the ability to accept EMV chip card transactions. This has required and will also require further upgrading the Corporation's Switch to process EMV chip card transactions, and adding additional encryption methods to Corporations managed ATMs and Debit terminals, Triple DES Encryption.

The result of non-compliance can include penalties, fines, sanctions and contractual penalties by the applicable Network(s) and ultimately disconnection of the ATM and Debit Terminal device or card from the Network for failure to comply by the end dates. This has resulted in a requirement to find additional financial recourses to meet the upgrade requirements as set forth in regards to meet ongoing regulatory compliance.

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

Short Term

On a short term basis, E-Debit and its subsidiaries currently do not generate sufficient revenues to meet overhead needs. This is due to E-Debit switch operations which were launched in January 2009 and commence rollover of ATMs to process all transactions. The switch operations currently do not generate sufficient revenue to cover it expenses. In addition, E-Debit continues to experience a steady decrease in gross profit due to the sale of the majority of ATMs site locations during the year 2012. The Corporation has incurred net losses for the years ended December 31, 2012 and 2011, and as of December 31, 2012, had a working capital deficit of $2,225,293 and an accumulated deficit of $1,956,157. These conditions raise substantial doubt as to the Corporation's ability to continue as a going concern.

Management recognizes that the Corporation 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 Corporation will be successful in raising additional capital.

Furthermore, there is no demand for payment on the indebtedness to related parties of $1,517,601 and shareholders' loan of $292,741 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.

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.

Long Term

The Corporation through its subsidiary Westsphere Systems Inc. has successfully gained membership into the Canadian Interac Association as an Acquirer. This will enable the direct processing of ATM, POS and other transactions for the Corporation's other subsidiary, Vencash Payment Solutions Inc. E-Debit has sourced out an industry leader, ACI Worldwide, and invested in the development and ongoing support required to facilitate the processing of transactions. Westsphere Systems Inc. processes all transactions through its association with ACI thereby eliminating the costs, restrictions, and potential risks of relying on third party processors. Most importantly, the investment in the processor, or switch, will also enable E-Debit's direct entry into new and emerging markets such as card management and processing. To fund the switch operation, E-Debit will continue to be dependent on equity funds raised, joint venture arrangements and/or loan proceeds.

As mentioned above, E-Debit believes that the Corporation's subsidiaries upon consolidation combined with continued 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. The Corporation also will continue its plan to sell some of its business operations to its current distribution network participants and/or non-related parties in order to maximize the financial potential of those assets.

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.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a Smaller Business Issuer, E-Debit is not required to include this Item.

ITEM 8 FINANCIAL STATEMENTS

E-DEBIT GLOBAL CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

with

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

December 31, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
E-Debit Global Corporation

We have audited the accompanying consolidated balance sheets of E-Debit Global Corporation (Company) as of December 31, 2012 and 2011 and the related consolidated statements of operations, changes in stockholders' (deficit) and cash flows for the years ended December 31, 2012 and 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based upon our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of E-Debit Global Corporation as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and 2011 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As described in Note 14, the Company has incurred net losses for the years ended December 31, 2012 and 2011, and had a working capital deficit and a stockholders' deficit at December 31, 2012 and 2011, which raise substantial doubt about its ability to continue as a going concern. Management's plan in regard to this matter is also discussed in Note 14. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

/s/ Schumacher & Associates, Inc.
Schumacher & Associates, Inc.
Certified Public Accountants
7931 S. Broadway, #314
Littleton, Colorado 80122

April 12, 2013

F-2

E-DEBIT GLOBAL CORPORATION
Consolidated Balance Sheets
December 31, 2012 and 2011

ASSETS	2012	2011
CURRENT ASSETS		
Cash	$46,898	$96,492
Restricted cash	188,236	595,044
Accounts receivable net of allowance for doubtful accounts of $23,413 and $13,172	37,791	37,342
Other receivable – related parties	16,535	6,917
Inventory	68,628	14,058
Prepaid expense and deposit	9,022	20,017
Total current assets	367,110	769,870
Property and equipment, net of depreciation	225,190	232,113
Property and equipment, idle	—	364,625
Investment, at cost	20	20
Deposit – related party	—	156,668
Intangible Assets, net of amortization	43,926	79,389
Total assets	$636,246	$1,602,685
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	396,988	1,051,828
Accrued liabilities	98,026	156,287
Loans payable	287,047	358,754
Indebtedness to related parties	1,517,601	1,081,259
Shareholder loans	292,741	285,194
Total current liabilities	2,592,403	2,933,322
Total liabilities	2,592,403	2,933,322
COMMITMENTS AND CONTINGENCIES (Notes 2,5,6,7,8,9,10,11,13 and 14)		
STOCKHOLDERS' DEFICIT		
Preferred stock – authorized 200,000,000 shares, no par value, 81,518,410 shares issued and outstanding at December 31, 2012 and 70,855,900 at December 31, 2011	1,475,493	1,400,855
Common stock - authorized 10,000,000,000 shares, no par value;320,046,834 shares issued and outstanding at December 31, 2012 and 95,249,344 at December 31, 2011	2,212,392	2,051,570
Additional paid-in capital	654,018	654,018
Accumulated other comprehensive income	86,207	115,911
Accumulated deficit	(6,384,267)	(5,552,991)
Total stockholders' deficit	(1,956,157)	(1,330,637)

Total liabilities and stockholders' Deficit	$636,246	$1,602,685

The accompanying notes are an integral part of these statements.

E-DEBIT GLOBAL CORPORATION
Consolidated Statements of Operations
For the Years Ended December 31, 2012 and 2011

	2012	2011
Revenue -		
Equipment and supplies	$47,841	$61,882
Residual and interchange income	2,216,264	3,210,073
Other	71,448	73,734
Total revenue	2,335,553	3,345,689
Cost of sales -		
Equipment and supplies	50,949	121,338
Residual and interchange costs	1,432,119	2,172,321
Other	633,820	614,897
Total cost of sales	2,116,888	2,908,556
Gross profit	218,665	437,133
Operating expenses -		
Depreciation and amortization	103,067	99,810
Impairment of property and equipment, idle	381,019	—
Consulting fees	169,117	195,575
Legal and accounting fees	99,067	93,757
Salaries and benefits	501,300	537,835
Stock-based compensation	—	29,227
Travel, delivery and vehicle expenses	41,452	64,512
Other	429,294	452,236
Total operating expenses	1,724,316	1,472,952
(-Loss-) from operations	(1,505,651)	(1,035,819)
Other income (expense) -		
Interest expense	(144,350)	(150,024)
Gain on sale	801,204	—
Other income	17,521	89,931
Net (-loss-) before income taxes	(831,276)	(1,095,912)
Provision for income taxes	—	—
Net (-loss-)	$(831,276)	$(1,095,912)
Basic net (-loss-) per common share	$(0.00)	$(0.01)
Weighted number of shares outstanding	189,803,507	93,543,094

The accompanying notes are an integral part of these statements.

E-DEBIT GLOBAL CORPORATION
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2012 and 2011

	2012	2011
Net (-loss-)	$(831,276)	$(1,095,912)
Other comprehensive (-loss-), net of tax		
Foreign currency translation adjustment	(29,704)	33,617
Other comprehensive (-loss-), net of tax	(29,704)	33,617
Comprehensive (-loss-)	$(860,980)	$(1,062,295)

The accompanying notes are an integral part of these statements.

E-DEBIT GLOBAL CORPORATION
Consolidated Statements of Changes in Stockholders' Deficit
For the Period from January 1, 2011 to December 31, 2012

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Foreign Currency Translation Adjustment	Accumulated (Deficit)	Total
Balance, January 1, 2011	70,855,900	$1,400,855	89,413,630	$1,969,870	$624,791	$82,294	$(4,457,079)	$(379,269)
Exercise of options to officers for settlement of debts – related parties	—	—	1,125,000	15,750	—	—	—	15,750
Exercise of options to a director for settlement of debts – related parties	—	—	1,785,714	25,000	—	—	—	25,000
Exercise of options to consultants for settlement of debts – related parties	—	—	2,925,000	40,950	—	—	—	40,950
Stock based compensation resulting from granting of stock options to consultants	—	—	—	—	29,227	—	—	29,227
Other comprehensive gain, net of tax	—	—	—	—	—	33,617	—	33,617
Net loss for the year ended December 31, 2011	—	—	—	—	—	—	(1,095,912)	(1,095,912)
Balance, December 31, 2011	70,855,900	$1,400,855	95,249,344	$2,051,570	$654,018	$115,911	$(5,552,991)	$(1,330,637)
Exercise of convertible notes to	—	—	145,460,000	145,460	—	—	—	145,460

creditors for settlement of debts								
Exercise of convertible note to an Investor Relations firm for settlement of debt	—	—	90,000,000	90,000	—	—	—	90,000
Exercise of right to convert common to preferred stock – related parties	10,662,510	74,638	(10,662,510)	(74,638)	—	—	—	—
Other comprehensive loss, net of tax	—	—	—	—	—	(29,704)	—	(29,704)
Net loss for the year ended December 31, 2012	—	—	—	—	—	—	(831,276)	(831,276)
Balance, December 31, 2012	81,518,410	$1,475,493	320,046,834	$2,212,392	$654,018	$86,207	$(6,384,267)	$(1,956,157)

The accompanying notes are an integral part of these statements.

E-DEBIT GLOBAL CORPORATION
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Net (loss) income from operations	$(831,276)	$(1,095,912)
Reconciling adjustments -		
Depreciation and amortization	103,067	99,810
Impairment of property and equipment, idle	381,019	—
Stock-based compensation	—	29,227
Changes in operating assets and liabilities		
Restricted cash	422,555	(122,446)
Accounts receivable	(8,103)	32,716
Inventory	(54,198)	62,837
Prepaid expenses and other	11,525	1,841
Cash overdraft	—	(20,918)
Accounts payable and accrued liabilities	(552,716)	275,535
Net cash (used for) provided by operations	(528,127)	(737,310)
Cash flows from investing activities:		
Purchase of equipment	—	(48,689)
Disposal of equipment	—	—
Net cash (used for) investing activities	—	(48,689)
Cash flows from financing activities:		
Indebtedness to related parties	557,711	269,482
Proceeds from loans, net of repayments	100,509	195,835
Proceeds from related parties	171,870	