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TRANSAX INTERNATIONAL LTD
Form SB-2/A
July 28, 2006

As filed with the U.S. Securities and Exchange Commission on July 28, 2006

Registration No. 333-133937

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO
FORM SB-2
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED

COLORADO	TRANSAX INTERNATIONAL LIMITED	84-1304106
(State or Other Jurisdiction of Incorporation or Organization)	(Name of Registrant in Our Charter)	(I.R.S. Employer Identification No.)

5201 BLUE LAGOON DRIVE, 8TH FLOOR
MIAMI, FLORIDA, 33126
(305) 629-3090

(Address and telephone number of
Principal Executive
Offices and Principal Place
of Business)

1040

(Primary Standard Industrial
Classification Code Number)

STEPHEN WALTERS
5201 BLUE LAGOON DRIVE, 8TH FLOOR
MIAMI, FLORIDA, 33126
(305) 629-3090

(Name, address and telephone number
of agent for service)

Copies to:
Clayton E. Parker, Esq.
Kirkpatrick & Lockhart Nicholson Graham LLP
201 S. Biscayne Boulevard, Suite 2000
Miami, Florida 33131
Telephone: (305) 539-3300
Telecopier: (305) 358-7095

Matthew L. Ogurick, Esq.
Kirkpatrick & Lockhart Nicholson Graham
201 S. Biscayne Boulevard, Suite 2000
Miami, Florida 33131
Telephone: (305) 539-3300
Telecopier: (305) 358-7095

Approximate date of commencement of proposed sale to the public: AS SOON AS PRACTICABLE AFTER THIS REGISTRATION STATEMENT (THE "REGISTRATION STATEMENT") BECOMES EFFECTIVE.

If any of the securities being registered on this Form SB-2 are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act") check the following box

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act

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registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF REGISTRATION SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE PER SHARE (1)	AMOUNT PRI
Common stock, par value \$0.0001 per share	33,860,309 shares (3)	\$0.15	\$5,0
TOTAL	33,860,309 shares (3)	\$0.15	\$5,0

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act. For the purposes of this table, we have used the average of the bid and asking prices of our common stock on July 20, 2006.
- (2) Of this amount, \$438.77 has previously been paid.
- (3) Includes 25,000,000 shares being registered pursuant to an investment agreement with Cornell Capital Partners, LP, 3,171,429 shares underlying a convertible debenture, 5,400,000 shares underlying warrants and 288,880 shares previously issued as a one-time commitment fee to Cornell Capital Partners in connection with a now terminated Standby Equity Distribution Agreement.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE U.S. SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

PROSPECTUS

Subject to completion, dated July 28, 2006

TRANSAX INTERNATIONAL LIMITED
33,860,309 SHARES OF COMMON STOCK

This prospectus (this "Prospectus") relates to the sale of up to 33,860,309 shares of common stock, par value \$0.0001 per share, of Transax International Limited ("Transax" or the "Company") by certain persons who are stockholders of Transax, including Cornell Capital Partners, LP ("Cornell Capital Partners") and Scott and Heather Grimes - Joint Tenants with Rights of Survivorship ("Investor"). Please refer to the Section herein entitled "Selling Stockholders" beginning on page 15. Transax is not selling any shares of common stock in this offering and therefore will not receive any proceeds from this offering.

The shares of common stock are being offered for sale by the selling stockholders at prices established on the Over-the-Counter Bulletin Board during the term of this offering. On July 20, 2006, the last reported sale price of our common stock was \$0.15 per share. Our common stock is quoted on the Over-the-Counter Bulletin Board under the symbol "TNSX.OB". These prices will

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fluctuate based on the demand for the shares of common stock.

The selling stockholders consist of (i) Cornell Capital Partners, who intends to sell up to 25,000,000 shares of common stock which may be issued from time to time upon the conversion of shares of preferred stock held by Cornell Capital Partners pursuant to the Investment Agreement, dated January 13, 2006, up to 5,000,000 shares of common stock which may be issued upon the exercise of two (2) common stock purchase warrants (the "Warrants", and together with the Investment Agreement, the "Cornell Financing") and 288,880 shares previously issued to Cornell Capital Partners in connection with a now terminated Standby Equity Distribution Agreement; (ii) Investor, who may sell up to 3,171,429 shares of common stock which may be issued upon the conversion of a \$250,000 convertible debenture (the "Debenture") and 400,000 shares underlying a warrant, dated February 1, 2006 (the "SHG Warrant").

The holders of Series A Preferred Shares are entitled to receive dividends or distribution on a pro rata basis in the amount of seven percent (7%) per year. Dividends shall be paid in cash and shall be cumulative.

At the holders' election, the conversion price of the convertible instruments will be at a fixed percentage of the market price at the time of conversion. Please refer to the Section entitled "Selling Shareholders" beginning on page 15 for a detailed description of all conversion terms.

Brokers or dealers effecting transactions in these shares should confirm that the shares are registered under the applicable state law or that an exemption from registration is available.

THESE SECURITIES ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK.

PLEASE REFER TO "RISK FACTORS" BEGINNING ON PAGE 7.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED.

THE SELLING STOCKHOLDERS MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC") IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER OF THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

NO UNDERWRITER OR PERSON HAS BEEN ENGAGED TO FACILITATE THE SALE OF SHARES OF COMMON STOCK IN THIS OFFERING. THIS OFFERING WILL TERMINATE TWENTY-FOUR (24) MONTHS AFTER THE ACCOMPANYING REGISTRATION STATEMENT IS DECLARED EFFECTIVE BY THE SEC. NONE OF THE PROCEEDS FROM THE SALE OF STOCK BY THE SELLING STOCKHOLDERS WILL BE PLACED IN ESCROW, TRUST OR ANY SIMILAR ACCOUNT.

THE SEC AND STATE SECURITIES REGULATORS HAVE NOT APPROVED OR DISAPPROVED OF THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is _____, 2006.

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PROSPECTUS SUMMARY

The following is only a summary of the information, financial statements and the notes included in this Prospectus. You should read the entire Prospectus carefully, including "Risk Factors" and our Financial Statements and the Notes thereto before making any investment decision.

OUR COMPANY

BUSINESS HISTORY AND DEVELOPMENT

Transax International Limited, was incorporated under the laws of the State of Colorado in 1999 under the name "Vega-Atlantic Corporation".

Previously, we were engaged in the business of minerals and oil and gas

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exploration, acquisition and development within the United States and worldwide.

During August 2003, we completed the acquisition of Transax Limited, a Colorado private-held corporation ("Transax Limited"), pursuant to a reverse merger and changed our name to "Transax International Limited" by filing an amendment to our Articles of Incorporation.

Together with our wholly-owned subsidiary, TDS Telecommunication Data Systems LTDA ("TDS"), we are an international provider of information network solutions, products and services specifically designed for the healthcare providers and health insurance companies (collectively, the "Health Information Management Products").

SUBSIDIARIES

Our wholly-owned subsidiary TDS was incorporated under the laws of Brazil on May 2, 1998. TDS assists us in providing information network solutions, products and services within Brazil.

Our wholly-owned subsidiary Transax Australia Pty Ltd. ("Transax Australia") was incorporated under the laws of New South Wales, Australia on January 19, 2003. Transax Australia assists us in seeking marketing opportunities to provide information network solutions, products and services within Australia and regionally.

Our wholly-owned subsidiary MedLink Technologies, Inc. ("MedLink") was incorporated under the laws of Mauritius on January 17, 2003. MedLink holds the intellectual property developed by us and is responsible for initiating research and development.

CURRENT BUSINESS OPERATIONS

As of the date of this Prospectus, through TDS, we are an international provider of health information management products (collectively, the "Health Information Management Products"), as described below, which are specifically designed for the healthcare providers and health insurance companies. We are dedicated to improving healthcare delivery by providing to hospitals, physician practices and health insurance companies with innovative health information management systems to manage coding, compliance, abstracting and record management's processes.

Our strategic focus is to become a premier international provider of health information management network solutions for the healthcare providers and health insurance companies, enabling the real time automation of routine patient transactions. We believe that our unique combination of complimentary solutions is designed to significantly improve the business of healthcare. Our Health Information Management Products and software solutions are designed to generate operational efficiencies, improve cash flow and measure the cost and quality of care. In general, the Health Information Management Products and software solutions, including the MedLink Solution, fall into four (4) main areas: (i) compliance management; (ii) coding and reimbursement management; (iii) abstracting; and (iv) record management.

We believe that hospitals and other healthcare providers must implement comprehensive coding and compliance programs in order to minimize payer submission errors and assure the receipt of anticipated revenues. We believe that an effective program should include clear, defined guidelines and

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procedures, which combined with our Health Information Management Products, will enhance an organization's system and effectively increase revenues and reduce costs. Our Health Information Management Products will include compliance management and coding and reimbursement products and software, which are designed to conduct automated prospective and retrospective reviews of all in-patient and out-patient claims data. Management tools include internally designed targets aimed to provide data quality, coding accuracy and appropriate reimbursement. These tools work in conjunction with an organization's coding and billing compliance program to (i) identify claims with potential errors prior to billing; (ii) screen professional fees and services; and (iii) identify patterns in coding and physician documentation. Results of the auditing and monitoring activities are represented in executive reports summarizing clinical and financial results as well as detailed reports providing information needed to target specific areas for review. Billing practices for health care services are under close scrutiny by governmental agencies as high-risk areas for Medicare fraud and abuse. We believe that the Health Information Management Products will increase an organization's progress in reducing improper payments and ensuring that medical record documentation support services are provided.

The Health Information Management Products are also designed to include abstracting solutions, which enable healthcare facilities to accurately collect and report patient demographic and clinical information. We believe that the Health Information Management Products will provide the organization with the ability to calculate in-patient and out-patient hospital reimbursements and customize data fields needed for state, federal or foreign governmental regulatory requirements. Standard and custom reports will provide the customer with the ability to generate facility-specific statistical reporting used for benchmarking, outcomes and performance improvement, marketing and planning. We believe that the Health Information Management Products will further provide healthcare organizations the flexibility to customize abstracting workflow to meet data collection reporting and analysis needs. The Health Information Management Products will provide the organization with the ability to customize workflow by creating fields and rules and designing screen navigation.

We also believe that the Health Information Management Products will provide record management, which will automate the record tracking and location functions, monitor record completeness and facilitate the release of information process within health information management departments. The Health Information Management Products will assist healthcare organizations in properly completing records pursuant to state, federal, foreign governmental and medical staff requirements. The management tools are designed to monitor a facility's adherence to patient privacy, disclosure and patient bill of rights requirements, if applicable.

GOING CONCERN

Since inception, the Company has incurred cumulative net losses of \$10,736,124, and at March 31, 2006 has a stockholders' deficit of \$2,394,315 and has a working capital deficit of \$2,659,190. Since its inception, the Company has funded operations through short-term borrowings and equity investments in order to meet its strategic objectives. The Company's future operations are dependent upon external funding and its ability to increase revenues and reduce expenses. Management believes that sufficient funding will be available from additional related party borrowings and private placements to meet its business objectives, including anticipated cash needs for working capital, for a reasonable period of time. Additionally, under the current roll out schedules with its clients, the Company expects to increase its revenues significantly during 2006 with the expectation of the Company becoming a profitable entity. However, there can be no assurance that the Company will be able to obtain sufficient funds to continue the development of its software products and distribution networks. Further, since fiscal 2000, the Company has been

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deficient in the payment of Brazilian payroll taxes and Social Security taxes. At March 31, 2006, these deficiencies (including interest and fines) amounted to approximately \$755,100. This payroll liability is included as part of the accounts payable and accrued expenses (short-term and long-term) within the consolidated balance sheet. As a result of the foregoing, there exists substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

ABOUT US

Our principal executive offices are located at 5201 Blue Lagoon Drive, 8th Floor, Miami, Florida, 33126. Our telephone number is (305) 629-3090.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements regarding management's plans and objectives for future operations including plans and objectives relating to our planned marketing efforts and future economic performance. The forward-looking statements and associated risks set forth in this Prospectus include or relate to, among other things, (a) our projected sales and profitability, (b) our growth strategies, (c) anticipated trends in our industry, (d) our ability to obtain and retain sufficient capital for future operations, and (e) our anticipated needs for working capital. These statements may be found under "Management's Discussion and Analysis Plan of Operation" and "Business", as well as in this Prospectus generally. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under "Risk Factors" and matters described in this Prospectus generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this Prospectus will in fact occur.

The forward-looking statements herein are based on current expectations that involve a number of risks and uncertainties. Such forward-looking statements are based on assumptions that there will be no material adverse competitive or technological change in conditions in our business, that demand for our products and services will significantly increase, that our President and Chief Executive Officer (one individual) will remain employed as such, that our forecasts accurately anticipate market demand and that there will be no material adverse change in our operations or business or in governmental regulations affecting us or our manufacturers and/or suppliers. The foregoing assumptions are based on judgments with respect to, among other things, future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Accordingly, although we believe that the assumptions underlying the forward-looking statements are reasonable, any such assumption could prove to be inaccurate and therefore there can be no assurance that the results contemplated in forward-looking statements will be realized. In addition, as disclosed elsewhere in the "Risk Factors" section of this Prospectus, there are a number of other risks inherent in our business and operations which could cause our operating results to vary markedly and adversely from prior results or the results contemplated by the forward-looking statements. Growth in absolute and relative amounts of cost of goods sold and selling, general and administrative expenses or the occurrence of extraordinary events could cause actual results to vary materially from the results contemplated by the forward-looking statements. Management decisions, including budgeting, are subjective in many respects and periodic revisions must be made

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to reflect actual conditions and business developments, the impact of which may cause us to alter marketing, capital investment and other expenditures, which may also materially adversely affect our results of operations. In light of significant uncertainties inherent in the forward-looking information included in this Prospectus, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives or plans will be achieved.

Some of the information in this Prospectus contains forward-looking statements that involve substantial risks and uncertainties. Any statement in this Prospectus and in the documents incorporated by reference into this Prospectus that is not a statement of an historical fact constitutes a "forward-looking statement". Further, when we use the words "may", "expect", "anticipate", "plan", "believe", "seek", "estimate", "internal", and similar words, we intend to identify statements and expressions that may be forward-looking statements. We believe it is important to communicate certain of our expectations to our investors. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions that could cause our future results to differ materially from those expressed in any forward-looking statements. Many factors are beyond our ability to control or predict. You are accordingly cautioned not to place undue reliance on such forward-looking statements. Important factors that may cause our actual results to differ from such forward-looking statements include, but are not limited to, the risk factors discussed below. Before you invest in our common stock, you should be aware that the occurrence of any of the events described under "Risk Factors" below or elsewhere in this Prospectus could have a material adverse effect on our business, financial condition and results of operation. In such a case, the trading price of our common stock could decline and you could lose all or part of your investment.

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THE OFFERING

This offering relates to the sale of 33,860,309 shares of our common stock by certain persons who are the selling stockholders consisting of (1) Cornell Capital Partners, who intends to sell up to 30,288,880, shares of common stock, 25,000,000 of which may be issued from time to time upon the conversion of shares of preferred stock held by Cornell Capital Partners pursuant to the Investment Agreement and up to 5,000,000 shares of common stock of which may be issued upon the exercise of the Warrants; and (2) Investor, who may sell up to 3,571,429 shares of common stock, 3,171,429 of which may be issued upon the conversion of the Debenture and 400,000 shares underlying the SHG Warrant.

On January 13, 2006, Transax entered into an Investment Agreement with Cornell Capital Partners (Cornell Capital Partners and the Company are also collectively referred to herein as the "Parties"), pursuant to which the Company sold to Cornell Capital Partners up to 16,000 shares of Series A Convertible Preferred Stock, no par value per share ("Series A Preferred Shares") which shall be convertible, at Cornell Capital Partners' discretion, into shares of the Company's common stock, par value \$0.00001 per share, for a total price of up to \$1,600,000. The Series A Preferred Shares are senior to all common stock and all series of preferred stock of the Company. The holders of Series A Preferred Shares are entitled to receive dividends or distribution on a pro rata basis in the amount of seven percent (7%) per year. Dividends shall be paid in cash and shall be cumulative. Each share of Series A Preferred Shares may be converted into shares of the Company's common stock equal to the sum of the Liquidation Amount, defined as an amount equal to \$100 per share of Series A Preferred Shares, plus accrued but unpaid dividends thereon, divided by the Conversion Price. The Conversion Price is defined to be equal to the lower of (i) \$0.192 or (ii) eighty percent (80%) of the lowest daily volume weighted

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average price of the Company's common stock, as determined by price quotations from Bloomberg, LP, during the ten (10) trading days immediately preceding the date of conversion. Of the 16,000 Series A Preferred Shares sold to Cornell Capital Partners, 8,000 Series A Preferred Shares equal a purchase price of \$800,000, which consists of \$255,237 from the surrender of a promissory note (the "Promissory Note") and \$544,763 consisting of new funding.

The Company completed the Closing (as such term is defined in the Investment Agreement) by issuing to Cornell Capital Partners the remaining 8,000 Series A Preferred Shares for a purchase price equal to \$800,000 on May 8, 2006, prior to the date that the registration statement of which this Prospectus is made a part was initially filed with the SEC (the "Registration Statement").

In connection with the Investment Agreement, the Company and Cornell Capital Partners entered into an Investor Registration Rights Agreement (the "IRRA"), dated January 13, 2006, pursuant to which the parties agreed that, in the event the Registration Statement is not filed within thirty (30) days from the date the Company files its Annual Report 10-KSB for the year ended December 31, 2005 (the "Filing Deadline") or is not declared effective by the SEC within ninety (90) days of the date of the IRRA (the "Effective Deadline"), or if after the Registration Statement has been declared effective by the SEC, sales cannot be made pursuant to the Registration Statement, then as relief for the damages to any holder of Registrable Securities (as defined in the IRRA) by reason of any such delay in or reduction of its ability to sell the underlying shares of common stock (which remedy shall not be exclusive of any other remedies at law or in equity), the Company will pay as liquidated damages to the holder, at the holder's option, either a cash amount or shares of the Company's common stock equal to two percent (2%) of the Liquidation Amount (as defined above) outstanding as liquidated damages for each thirty (30) day period or any part thereof after the Filing Deadline or the Effective Deadline as the case may be. Any liquidated damages payable hereunder shall not limit, prohibit or preclude the Investor from seeking any other remedy available to it under contract, at law or in equity. The Company shall pay any liquidated damages hereunder within three (3) business days of Cornell Capital Partners making written demand. It shall also become an event of default under the IRRA if the Registration Statement is not declared effective by the SEC within one-hundred twenty (120) days from the date of the IRRA. The Company initially filed its Registration Statement (of which this Prospectus is made a part) on May 9, 2006.

In connection with the sale of the Series A Preferred Shares, on January 13, 2006, Cornell Capital Partners surrendered the Promissory Note issued by the Company to Cornell Capital Partners on May 17, 2005, in the principal amount of \$255,237, in exchange for \$255,237 of Series A Preferred Shares. As of January 13, 2006, the full amount outstanding under the Promissory Note was \$255,237, plus accrued and unpaid interest of zero dollars (\$0). As a result, the Promissory Note was retired and cancelled. The Parties also agreed to terminate the Securities Purchase Agreement and the Investor Registration Rights Agreement, each dated as of October 25, 2004, as well as the Pledge and Escrow Agreements, each dated as of October 21, 2004, that were entered into by the Parties in connection with the issuance of the Promissory Note.

On January 13, 2006, the Company also issued to Cornell Capital Partners the Warrants to purchase up to 5,000,000 shares of common stock. The first Warrant issued to Cornell Capital Partners for 2,500,000 shares of common stock, at an exercise price of \$0.30, shall terminate after the five (5) year anniversary of the date of issuance. The second Warrant issued to Cornell Capital Partners for 2,500,000 shares of common stock, at exercise price of \$0.20, shall terminate after the five (5) year anniversary of the date of issuance.

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On April 1, 2005, Company entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with Scott and Heather Grimes, Joint Tenants - with Rights of Survivorship (the "Investor"). Pursuant to the Securities Purchase Agreement, the Company issued a convertible debenture to the Investor in the original principal amount of \$250,000 (the "Debenture"). The Debenture is convertible at the holder's option any time up to maturity at a conversion price equal to the lower of: (i) one hundred twenty percent (120%) of the closing bid price of the common stock on the date of the Debenture or (ii) eighty percent (80%) of the lowest closing bid price of the Company's common stock for the five (5) trading days immediately preceding the conversion date. The Debenture has a two (2) year term and accrues interest at five percent (5%) per year. At maturity, the Debentures will automatically convert into shares of common stock at a conversion price equal to the lower of: (i) one hundred twenty percent (120%) of the closing bid price of the Company's common stock on the date of the Debenture or (ii) eighty percent (80%) of the lowest closing bid price of the common stock for five (5) trading days immediately preceding the conversion date. On July 17, 2006, the Investor converted \$15,000 of the Debenture into 104,167 shares of the Company's common stock.

On February 1, 2006, the Company and the Investor mutually agreed to extend the term of the Debentures until December 1, 2007. In addition, the Company issued the SHG Warrant to purchase 400,000 shares of the Company's common stock. The SHG Warrant has a term of two (2) years and is exercisable at \$0.20 per share. The Company is registering 3,171,429 shares of its common stock underlying the conversion of the Debenture and 400,000 shares underlying the SHG Warrant.

Cornell Capital Partners may from time to time convert its shares of preferred stock under the Investment Agreement and Investors may from time to time convert the Debenture into shares of our common stock at a discount to the market price and each may, in turn, sell their shares of common stock to investors in the market at the market price. This will likely cause our stock price to decline and would result in substantial dilution to the interests of other holders of common stock.

COMMON STOCK OFFERED	33,860,309 shares by selling stockholders
OFFERING PRICE	Market price
COMMON STOCK OUTSTANDING BEFORE THE OFFERING(1)	31,980,726 shares as of July 25, 2006
USE OF PROCEEDS	We will not receive any proceeds of the shares offered by the selling stockholders except that we may receive proceeds from the exercise of the Warrants and the SHG Warrant. See "Use of Proceeds".
RISK FACTORS	The securities offered hereby involve a high degree of risk and immediate substantial dilution. See "Risk Factors" and "Dilution".
OVER-THE-COUNTER BULLETIN BOARD SYMBOL	TNSX.OB

(1) Excludes 3,171,429 shares underlying the Debenture, up to 25,000,000 shares of common stock to be issued pursuant to the Investment

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Agreement with Cornell Capital Partners, up to 14,501,010 shares underlying warrants and up to 3,175,000 shares underlying options.

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION

STATEMENT OF OPERATION DATA:	FOR THE PERIOD ENDED MARCH 31,		FOR THE FISC
	2006 (Unaudited)	2005 (Unaudited)	2005
Revenues			
Total operating expenses	\$ 981,058	\$ 640,408	\$ 3,380,150
Loss from operations	1,102,832	679,536	3,543,534
Total other expenses	(121,774)	(39,128)	(163,384)
Net loss	(569,930)	(59,691)	(601,101)
Net loss per share: Basic and diluted	\$ (691,704)	\$ (98,819)	\$ (764,484)
	\$ (0.02)	\$ --	\$ (0.03)

BALANCE SHEET DATA:	AS OF MARCH 31,		AS OF DECEMBER 31,
	2006 (Unaudited)	2005 (Unaudited)	2005
Cash	\$ 44,333	\$ 5,579	\$ 7,875
Accounts receivable - net	439,020	301,723	321,240
Prepaid expenses and other current assets	208,366	74,311	165,129
Total assets	1,855,377	1,132,830	1,693,656
Total liabilities	4,249,692	2,754,520	3,321,296
Common stock and Paid in capital	7,865,770	7,077,445	7,602,629
Accumulated deficit	\$ (10,736,124)	\$ 8,578,755	\$ (9,244,420)
Total stockholders' deficit	\$ (2,394,315)	\$ 1,621,690	\$ (1,627,640)

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RISK FACTORS

WE ARE SUBJECT TO VARIOUS RISKS THAT MAY MATERIALLY HARM OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND UNCERTAINTIES DESCRIBED BELOW AND THE OTHER INFORMATION IN THIS FILING BEFORE DECIDING TO PURCHASE OUR COMMON STOCK. IF ANY OF THESE RISKS OR

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UNCERTAINTIES ACTUALLY OCCURS, OUR BUSINESS, FINANCIAL CONDITION OR OPERATING RESULTS COULD BE MATERIALLY HARMED. IN THAT CASE, THE TRADING PRICE OF OUR COMMON STOCK COULD DECLINE AND YOU COULD LOSE ALL OR PART OF YOUR INVESTMENT.

RISKS RELATING TO OUR BUSINESS

TRANSAX HAS BEEN THE SUBJECT OF A GOING CONCERN OPINION FROM ITS INDEPENDENT AUDITORS, WHICH MEANS THAT TRANSAX MAY NOT BE ABLE TO CONTINUE OPERATIONS UNLESS TRANSAX OBTAINS ADDITIONAL FUNDING

Our independent auditors have added a "going concern" statement to their audit report for fiscal years ended December 31, 2005 and 2004, which states that we will need additional working capital to be successful and to service our current debt for the coming year and, therefore, our continuation as a going concern is dependent upon obtaining the additional working capital necessary to accomplish our objectives. Our inability to obtain adequate financing will result in the need to curtail business operations and you could lose your entire investment. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our management anticipates that we will incur net losses for the immediate future, and expect our operating expenses to increase significantly, and, as a result, we will need to generate monthly revenue if we are to continue as a going concern. To the extent that we do not generate revenue, that we do not obtain additional funding, that our stock price does not increase, and that we are unable to adjust operating expense levels accordingly, we may not have the ability to continue on as a going concern.

TRANSAX HAS A WORKING CAPITAL DEFICIT AND IF WE ARE UNABLE TO RAISE ADDITIONAL CAPITAL WE WILL NEED TO CURTAIL BUSINESS OPERATIONS

We had a working capital deficit of \$2,068,956 and \$2,659,190 at December 31, 2005 and March 31, 2006, respectively, and continue to need cash for operations. We have relied on significant external financing to fund our operations. As of March 31, 2006, we had \$44,333 of cash on hand and total current assets were \$691,719, and our total current liabilities were \$3,350,909. We will need to raise additional capital to fund our anticipated operating expenses and future expansion. Among other things, external financing may be required to cover our operating costs. Unless we achieve profitable operations, it is unlikely that we will be able to secure additional financing from external sources. If we are unable to secure additional financing, we believe that we will not have sufficient funds to continue operations. We estimate that we will require \$1,000,000 to \$3,000,000 of financing to fund our anticipated operating expenses for the next twelve (12) months. The sale of our common stock to raise capital may cause dilution to our existing shareholders. Our inability to obtain adequate financing will result in the need to curtail business operations. Any of these events would be materially harmful to our business and may result in a lower stock price. Our inability to obtain adequate financing will result in the need to curtail business operations and you could lose your entire investment. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

TRANSAX WILL REQUIRE ADDITIONAL FUNDING, AND FUTURE ACCESS TO CAPITAL IS UNCERTAIN AND TRANSAX MAY HAVE TO DELAY, REDUCE OR ELIMINATE CERTAIN BUSINESS OPERATIONS

It is expensive to develop and commercialize Health Information Management

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Products. Transax plans to continue to conduct research and development, which is costly. Transax's product development efforts may not lead to new commercial products, either because Transax's products fail to be found effective or because Transax lacks the necessary financial or other resources or relationships to pursue commercialization. Transax's capital and future revenues may not be sufficient to support the expenses of its business operations and the development of commercial infrastructure. Transax may need to raise additional capital to: (i) fund operations; (ii) continue the research and development of Health Information Management Products; and (iii) commercialize its products.

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Management believes that the Standby Equity Distribution Agreement will provide some of the necessary capital. However, Transax may need additional financing within this time frame depending on a number of factors. Transax may not be able to obtain additional financing on favorable terms or at all. If Transax is unable to raise additional funds, Transax may have to delay, reduce or eliminate certain business operations. If Transax raises additional funds by issuing equity securities, further dilution to Transax's existing stockholders will result.

TRANSAX OWES THE BRAZILIAN GOVERNMENT MONEY FOR PAYROLL TAXES AND SOCIAL SECURITY TAXES AND TRANSAX'S FAILURE TO PAY THE BRAZILIAN AUTHORITIES WHEN REQUIRED TO DO SO COULD RESULT IN LIABILITY

Since fiscal 2000, the Company has been deficient in the payment of Brazilian payroll taxes and social security taxes. At December 31, 2005, these deficiencies (including interest and fines) amounted to approximately \$755,100.

This payroll liability is included as part of the accounts payable and accrued expenses (short-term and long-term) within the consolidated balance sheet.

During 2004 and 2005, the Company entered into a number of payment programs with the Brazilian authorities whereby the social security taxes due, Severance Fund Taxes due, plus other taxes and applicable penalties and interest will be repaid over periods of between eighteen (18) and sixty (60) months. At December 31, 2005, the Company's has negotiated approximately \$546,400 of tax liabilities under these programs. The payment program requires the Company to pay a monthly fixed amount of the four taxes negotiated. Discussions are currently ongoing for the Company to enter into a similar payment plan for the remainder of the payroll tax liabilities. The Company made the first payment as per the plan in April 2004 and continues to make the required payments. However, there is no certainty that the Brazilian authorities will enter into a similar plan in the future.

TRANSAX MAY EXPERIENCE PRICE REDUCTIONS, REDUCED GROSS MARGINS AND LOSS OF MARKET SHARE IF TRANSAX IS UNABLE TO SUCCESSFULLY COMPETE

Competition for Transax's products and services is intense and is expected to increase. Increased competition could result in reductions in Transax's prices, gross margins and market share, and could have a material adverse effect on Transax's business, financial condition and results of operations. Transax competes with other providers of healthcare information software and services, as well as healthcare consulting firms. Some competitors may have formed business alliances with other competitors that may affect Transax's ability to work with some potential customers. In addition, if some of Transax's competitors merge, a stronger competitor may emerge. Some principal competitors include: Polimed, Connectmed and Salutia, major software information systems companies, including those specializing in the healthcare industry, may not

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presently offer competing products but may in the future enter Transax's market. Many of Transax's competitors and potential competitors have significantly greater financial, technical, product development, marketing and other resources, and market recognition than Transax has. Many of these competitors also have, or may develop or acquire, substantial installed customer bases in the healthcare industry. As a result of these factors, our competitors may be able to respond more quickly to new or emerging technologies, changes in customer requirements, and changes in the political, economic or regulatory environment in the healthcare industry. These competitors may be in a position to devote greater resources to the development, promotion and sale of their products than Transax can. Transax may not be able to compete successfully against current and future competitors, and such competitive pressures could materially adversely affect Transax's business, financial condition and operating results.

MARKET VOLATILITY MAY AFFECT TRANSAX'S STOCK PRICE, AND THE VALUE OF A SHAREHOLDER'S INVESTMENT IN TRANSAX'S COMMON STOCK MAY BE SUBJECT TO SUDDEN DECREASES

The trading price for the shares of common stock of Transax has been, and Transax expects it to continue to be, volatile. The price at which Transax's common stock trades depends on a number of factors, including the following, many of which are beyond Transax's control: (i) Transax's historical and anticipated operating results, including fluctuations in financial and operating

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results; (ii) the market perception of the prospects for health information management network solutions companies as an industry sector; (iii) general market and economic conditions; (iv) changes in government regulations affecting product approvals, reimbursement or other aspects of Transax's and/or competitors' businesses; (v) announcements of technological innovations or new commercial products by Transax or its competitors; (vi) developments concerning Transax's contractual relations with its executive officers, executive management and intellectual property rights; and (vii) announcements regarding significant collaborations or strategic alliances.

In addition, the stock market has from time to time experienced extreme price and volume fluctuations. These broad market fluctuations may lower the market price of Transax's common stock and affect the volume of trading in the stock. During periods of stock market price volatility, share prices of many health information management network solution companies have often fluctuated in a manner not necessarily related to their individual operating performance.

Accordingly, Transax's common stock may be subject to greater price volatility than the stock market as a whole.

THE HEALTHCARE INFORMATION MANAGEMENT AND TECHNOLOGY MARKET IS HIGHLY FRAGMENTED AND CHARACTERIZED BY ON-GOING TECHNOLOGICAL DEVELOPMENTS, EVOLVING INDUSTRY STANDARDS AND RAPID CHANGES IN CUSTOMER REQUIREMENTS AND TRANSAX MAY NOT SUCCESSFULLY, OR IN A TIMELY MANNER, DEVELOP, ACQUIRE, INTEGRATE, INTRODUCE OR MARKET NEW PRODUCTS OR PRODUCT ENHANCEMENTS

The healthcare information management and technology market is highly fragmented and characterized by on-going technological developments, evolving industry standards and rapid changes in customer requirements. Transax's success depends on its ability to timely and effectively: (i) offer a broad range of software products; (ii) enhance existing products and expand product offerings; (iii) respond promptly to new customer requirements and industry standards; (iv)

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remain compatible with popular operating systems and develop products that are compatible with the new or otherwise emerging operating systems; and (v) develop new interfaces with healthcare provider organizations to fully integrate Transax's products and services in order to maximize features and functionality.

Transax's performance depends in large part on its ability to provide the increasing functionality required by its customers through the timely development and successful introduction of new products and enhancements to existing products. Transax may not successfully, or in a timely manner, develop, acquire, integrate, introduce or market new products or product enhancements.

Product enhancements or new products developed by Transax may not meet the requirements of hospital or other healthcare providers or health insurance companies or achieve or sustain market acceptance. Transax's failure to either estimate accurately the resources and related expenses required for a project, or to complete its contractual obligations in a manner consistent with the project plan upon which a contract is based, could have a material adverse effect on Transax's business, financial condition, and results of operations. In addition, Transax's failure to meet a customer's expectations in the performance of its services and products could damage Transax's reputation and adversely affect its ability to attract new business.

FAILURE TO ACCURATELY ASSESS, PROCESS OR COLLECT HEALTHCARE CLAIMS OR ADMINISTER CONTRACTS COULD SUBJECT TRANSAX TO COSTLY LITIGATION AND FORCE TRANSAX TO MAKE COSTLY CHANGES TO PRODUCTS

It is anticipated that some of Transax's products and services will be used in the payment, collection, coding and billing of healthcare claims and the administration of managed care contracts. If Transax's products and services fail to accurately assess, possess or collect these claims, customers could file claims against Transax. As of the date of this Prospectus, Transax does not carry insurance coverage to cover such claims or, if it does carry such insurance coverage in the future, such insurance coverage may not be adequate to cover such claims. A successful claim that is not covered by or is in excess of insurance coverage could adversely affect Transax's business, financial condition, and results of operations. Even a claim without merit could result in significant legal defense costs and could consume management time and resources.

In addition, claims could increase insurance premiums such that appropriate insurance cannot be found at commercially reasonable rates. Furthermore, if Transax were found liable, Transax may have to significantly alter one or more of its products, possibly resulting in additional unanticipated research and development expenses.

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THE NATURE OF OUR PRODUCTS MAKES OUR COMPANY VULNERABLE TO UNDETECTED ERRORS THAT COULD REDUCE REVENUES, MARKET SHARE OR DEMAND

Health Information Management Products may contain errors or failures, especially when initially introduced or when new versions are released. Although Transax conducts extensive testing of its products and services, software errors could be discovered in certain enhancements and products after their introduction. Despite such testing by Transax and by its current and potential customers, products under development, enhancements or shipped products may contain errors or performance failures resulting in, among other things: (i) loss of customers and revenue; (ii) delay in market acceptance; (iii) diversion of resources; (iv) damage to Transax's reputation; or (v) increased service costs. Any of these consequences could have a material adverse effect on Transax's business, financial condition and results of operations.

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TRANSAX MAY BE REQUIRED TO MAKE SUBSTANTIAL CHANGES TO ITS PRODUCTS IF THEY BECOME SUBJECT TO GOVERNMENTAL REGULATION

None of Transax's Health Information Management Products are subject to regulation by the United States' federal government. Computer products used or intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease or other conditions or that affect the structure or function of the body are subject to regulation by the U.S. Department of Health. In the future, however, the U.S. Department of Health could determine that some of Transax's products (because of their predictive aspects) may be clinical decision tools and subject them to regulation. Compliance with U.S. Department of Health regulations such as HIPPA could be burdensome, time consuming and expensive.

Other new laws and regulations affecting healthcare software development and marketing could also be enacted in the future. If so, it is possible that Transax's costs and the length of time for product development and marketing could increase and that other unforeseeable consequences could arise.

GOVERNMENT REGULATION OF CONFIDENTIALITY OF PATIENT HEALTH INFORMATION COULD RESULT IN REQUIRED PRODUCT MODIFICATIONS WHICH WOULD REQUIRE SIGNIFICANT EXPENDITURE OF CAPITAL RESOURCES

There is substantial U.S. federal and state and foreign regulation of confidentiality of patient health information and the circumstances under which such information may be used by, disclosed to or processed by Transax as a consequence of any contracts with various health care providers or insurance companies. Although compliance with these laws and regulations is presently the principal responsibility of the hospital, physician or other healthcare provider, regulations governing patient confidentiality rights are dynamic and rapidly evolving. Changes may be made which would require Transax to change its products and systems and methods which could require significant expenditures of capital and decrease future business prospects. Additional federal and state legislation governing the dissemination of individually identifiable information have been proposed in the United States and may be adopted, which may also significantly affect Transax's business.

GOVERNMENT REGULATION OF HEALTHCARE INFORMATION DELIVERY SYSTEMS MAY AFFECT HEALTHCARE PROVIDERS' DECISIONS WHICH COULD RESULT IN UNPLANNED PRODUCT ENHANCEMENTS, DELAYS, OR CANCELLATIONS OF PRODUCT ORDERS OR SHIPMENTS, OR REDUCE THE NEED FOR CERTAIN SYSTEMS

During the past several years, the healthcare industry within the United States and other countries has been subject to changing political, economic and regulatory influences and to increasing levels of governmental regulation. Certain proposals to reform the U.S. healthcare systems have been and are being considered by Congress. These proposals, if enacted, could change the operating environment for any of Transax's customers within the United States that could have a negative impact on Transax's business, financial condition and results of operations. However, the U.S. federal government recently mandated the use of electronic transmissions for large Medicare providers, which may positively affect the marketability of Transax's products in the U.S. Transax is unable to predict what, if any, changes will occur.

Changes in current healthcare financing, reimbursement systems and procurement practices could result in unplanned product enhancements, delays, or cancellations of product orders or shipments, or reduce the need for certain systems. A portion of Transax's revenues is expected to be derived from sales of its Health Information Management Products to hospitals in the United States.

Consolidation in the healthcare industry, particularly in the hospital and managed care markets, could decrease the number of potential purchasers of Transax's Health Information Management Products and adversely affect Transax's business. In addition, the decision to purchase such products generally involves a committee approval. Consequently, it is difficult for Transax to predict the timing or outcome of the buying decisions of Transax's potential customers.

THERE ARE POLITICAL AND ECONOMIC RISKS IN FOREIGN MARKETPLACES WHICH COULD AFFECT THE OPERATIONS OF TRANSAX

As of the date of this Prospectus, the Health Information Management Products are sold by Transax principally in Brazil. Transax intends to enter the global marketplace which includes, but is not limited to, the marketplaces within the United States, Australia, South America and Europe. During the fiscal year ended December 31, 2005 and 2004, international sales accounted for one hundred percent (100%) of Transax's total revenue. As a result, Transax faces certain risks associated with international sales. International sales may be subject to political, economic, legal and other uncertainties occurring within these countries. Changes in policies by the respective governments may result in changes in laws, regulations or the interpretation thereof, confiscatory taxation, restrictions on imports and sources of supply, import duties, corruption, economic reforms, and currency revaluation, all of which may materially and adversely affect Transax. The continuation or increase of any such disparities could affect the political and social stability of the country, and thus the operations of Transax. Moreover, future controversies could arise which would threaten trade relations between the United States and the respective country. In any of such eventualities, the business of Transax could be adversely affected.

TRANSAX MAY FACE SCRUTINY FROM GOVERNMENTAL AGENCIES

As a result of the rising healthcare costs, U.S. federal and state governments and foreign governments have placed an increased emphasis on detecting and eliminating fraud and abuse in healthcare programs. Numerous laws and regulations now exist within the U.S. and other foreign countries to prevent fraudulent or abusive billing, to protect patients' privacy rights, and to ensure patients' access to healthcare. Violation of the laws or regulations governing Transax's operations could result in the imposition of civil or criminal penalties, including temporary or permanent exclusion from participation in government healthcare programs, such as Medicare and Medicaid in the U.S., the cancellation of any contracts with Transax to provide managed care services, and the suspension or revocation of any of Transax's governmental licenses. Transax intends to conduct routine internal audits in an effort to ensure compliance with all applicable laws and regulations. If errors, discrepancies or violations of laws are discovered in the course of these internal audits or otherwise, Transax may be required by law to disclose the relevant facts, once known, to the appropriate authorities.

THE INABILITY TO PROTECT INTELLECTUAL PROPERTY COULD LEAD TO UNAUTHORIZED USE OF TRANSAX'S PRODUCTS

Transax relies on a combination of trade secrets, copyright and trademark laws, nondisclosure, non-compete and other contractual provisions to protect its proprietary rights. Measures taken by Transax to protect its intellectual property may not be adequate, and its competitors could independently develop products and services that are substantially equivalent or superior to Transax's products and services. Any infringement or misappropriation of Transax's proprietary software and databases could put Transax at a competitive

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disadvantage in a highly competitive market and could cause Transax to lose revenues, incur substantial litigation expense, and divert management's attention from other operations. Intellectual property litigation is increasingly common in the software industry. Therefore, the risk of an infringement claim against Transax may increase over time as the number of competitors in the industry segment grows and the functionality of products overlaps. Third parties could assert infringement claims against Transax in the future. Regardless of the merits, Transax could incur substantial litigation expenses in defending any such asserted claim. In the event of an unfavorable ruling on any such claim, such an infringement may result in significant monetary liabilities that could have a material adverse effect on the business.

In the event of an unfavorable ruling on any such claim, a license or similar agreement may also not be available to use on reasonable terms, if at all.

Transax may not be successful in the defense of these or similar claims.

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TRANSAX IS DEPENDENT UPON THE LICENSE AGREEMENT TO FURTHER DEVELOP AND COMMERCIALIZE ITS PRODUCTS EFFECTIVELY OR AT ALL

To further develop and successfully commercialize the Health Information Management Products and related services, Transax and TDS entered into a license agreement (the "License Agreement") to carry out development and commercialization of the MedLink Solution within Brazil. Under the terms of the License Agreement, Transax will receive certain royalties once its subsidiary in Brazil has entered cash flow status.

The risks associated with the License Agreement include, but are not limited to, the following: (i) TDS may not apply the expected resources or required expertise in developing the MedLink Solution resources and systems or other systems necessary to successfully commercialize the MedLink Solution products; and (ii) disputes may arise between Transax and TDS that delay the commercialization of the MedLink Solution or adversely affect its sales or profitability. Transax's success will depend on the successful introduction and marketing of the MedLink Solution and other products which, in turn, is dependent on the continued existence of favorable contractual relations with TDS. Transax's business operations may be materially affected in the event TDS fails to honor the terms and provisions of License Agreement.

FAILURE TO RETAIN KEY PERSONNEL COULD IMPEDE TRANSAX'S ABILITY TO COMMERCIALIZE ITS PRODUCTS, MAINTAIN THE LICENSE AGREEMENT OR OBTAIN SOURCES OF FUNDS

Transax depends, to a significant extent, on the efforts of Mr. Stephen Walters, our President, Chief Executive Officer and a director, and on the efforts of its research and development personnel. The development of Health Information Management Products requires expertise from a number of different disciplines, some of which are not widely available. The quality and reputation of Transax's research and development personnel, including its executive officers, and their success in performing their responsibilities, may directly influence the success of Transax. In addition, Mr. Walters is involved in a broad range of critical activities, including providing strategic and operational guidance. The loss of Mr. Walters, or Transax's inability to retain or recruit other key management and research and development personnel, may delay or prevent Transax from achieving its business objectives. Transax faces intense competition for personnel from other companies, public and private research institutions, government entities and other organizations. Transax does

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not employ management on a full-time or part-time basis and does not have a written employment agreement with Mr. Walters. In addition, Transax does not maintain any key man life insurance policies on Mr. Walters.

RISKS RELATED TO THIS OFFERING

FUTURE SALES BY OUR STOCKHOLDERS MAY ADVERSELY AFFECT OUR STOCK PRICE AND OUR ABILITY TO RAISE FUNDS IN NEW STOCK OFFERINGS

Sales of our common stock in the public market following this offering could lower the market price of our common stock. Sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that our management deems acceptable or at all. Of the 31,980,726 shares of common stock outstanding as of July 25, 2006, 11,465,112 shares are, or will be, freely tradable without restriction, unless held by our "affiliates". The remaining 20,515,614 shares of common stock which will be held by existing stockholders, including the officers and directors, are "restricted securities" and may be resold in the public market only if registered or pursuant to an exemption from registration. Some of these shares may be resold under Rule 144. In addition, we shall issue 3,171,429 shares underlying the Debenture, up to 5,400,000 shares underlying warrants (including the SHG Warrant and the Warrants) and up to 25,000,000 shares pursuant to the Investment Agreement with Cornell Capital Partners.

THE SELLING STOCKHOLDERS INTEND TO SELL THEIR SHARES OF COMMON STOCK IN THE MARKET, WHICH SALES MAY CAUSE OUR STOCK PRICE TO DECLINE

The selling stockholders intend to sell in the public market 33,860,309 shares of common stock being registered in this offering. That means that up to 33,860,309 shares may be sold pursuant to this Registration Statement. Such sales may cause our stock price to decline. The officers and directors of Transax and those shareholders who are significant shareholders as defined by the SEC will continue to be subject to the provisions of various insider trading and rule 144 regulations.

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THE PRICE YOU PAY IN THIS OFFERING WILL FLUCTUATE AND MAY BE HIGHER OR LOWER THAN THE PRICES PAID BY OTHER PEOPLE PARTICIPATING IN THIS OFFERING

The price in this offering will fluctuate based on the prevailing market price of the common stock on the Over-the-Counter Bulletin Board.

Accordingly, the price you pay in this offering may be higher or lower than the prices paid by other people participating in this offering.

THERE ARE A LARGE NUMBER OF SHARES UNDERLYING OUR SERIES A PREFERRED SHARES THAT MAY BE AVAILABLE FOR FUTURE SALE AND THE SALE OF THESE SHARES MAY DEPRESS THE MARKET PRICE OF OUR COMMON STOCK

As of July 25, 2006, we had 31,980,726 shares of common stock issued and outstanding and 16,000 Series A Preferred Shares outstanding. In addition, the number of shares of common stock issuable upon conversion of the outstanding Series A Preferred Shares may increase if the market price of our stock declines. All of the shares, including all of the shares issuable upon conversion of the Series A Preferred Shares, may be sold without restriction. The sale of these shares may adversely affect the market price of our common

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stock.

THE CONTINUOUSLY ADJUSTABLE CONVERSION PRICE FEATURE OF OUR SERIES A PREFERRED SHARES COULD REQUIRE US TO ISSUE A SUBSTANTIALLY GREATER NUMBER OF SHARES, WHICH WILL CAUSE DILUTION TO OUR EXISTING STOCKHOLDERS

The number of shares of common stock issuable upon conversion of our Series A Preferred Shares will increase if the market price of our stock declines, which will cause dilution to our existing stockholders. Our obligation to issue shares upon conversion of our Series A Preferred Shares is essentially limitless if the trading price per common share declines towards zero as the number of Series A Preferred Shares convertible into common stock is based on the trading price per common share of our Company.

THE CONTINUOUSLY ADJUSTABLE CONVERSION PRICE FEATURE OF OUR SERIES A PREFERRED SHARES MAY ENCOURAGE INVESTORS TO MAKE SHORT SALES IN OUR COMMON STOCK, WHICH COULD HAVE A DEPRESSIVE EFFECT ON THE PRICE OF OUR COMMON STOCK

The Series A Preferred Shares are convertible into common stock at any time by dividing the dollar amount being converted by the lower of \$0.192 or eighty percent (80%) of the lowest daily volume weighted average of the Company's common stock, as determined by price quotations from Bloomberg, LP, during the ten (10) trading days immediately preceding the date of conversion.

The significant downward pressure on the price of the common stock as the selling stockholder converts and sells material amounts of common stock could encourage short sales by investors. This could place further downward pressure on the price of the common stock. In addition, not only the sale of shares issued upon conversion of preferred stock, but also the mere perception that these sales could occur, may adversely affect the market price of the common stock.

THE HOLDER OF THE DEBENTURE HAS THE OPTION OF CONVERTING THE PRINCIPAL OUTSTANDING UNDER THE DEBENTURE INTO SHARES OF OUR COMMON STOCK. IF THE HOLDER CONVERTS THE DEBENTURE, THERE WILL BE DILUTION OF YOUR SHARES OF OUR COMMON STOCK

The conversion of the Debenture will result in dilution to the interests of other holders of our common stock since the holder may ultimately convert the full amount of the Debenture and sell all of these shares into the public market.

The following table sets forth the number and percentage of shares of our common stock that would be issuable if the holder of the Debenture converted at conversion prices of \$0.25, \$0.20, \$0.15, \$0.10 and \$0.05 (the conversion price shall be equal to the lesser of (i) one hundred twenty percent (120%) of the closing bid price of the Company's common stock on April 1, 2005 and (ii) eighty percent (80%) of the lowest closing bid price of the common stock for five (5) trading days immediately preceding the conversion date):

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NUMBER OF SHARES
ISSUABLE

PERCENTAGE OF ISSUED

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CONVERSION PRICE	ON CONVERSION OF DEBENTURE (1)	AND OUTSTANDING (2)
\$0.25	1,000,000	3.13%
\$0.20	1,250,000	3.91%
\$0.15	1,666,667	5.21%
\$0.10	2,500,000	7.82%
\$0.05	5,000,000	15.69%

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- (1) Represents the number of shares issuable if the principal amount of the Debenture was converted at the corresponding conversion price.
- (2) Represents the percentage of the total outstanding common stock that the shares issuable on conversion of the Debenture without regard to any contractual or other restriction on the number of securities the stockholder may own at any point in time (including a 4.99% ownership limitation set forth in the Debenture). Based on 31,980,726 shares issued and outstanding on July 25, 2006.

OUR COMMON STOCK IS SUBJECT TO THE "PENNY STOCK" RULES OF THE SEC AND THE TRADING MARKET IN OUR SECURITIES IS LIMITED, WHICH MAKES TRANSACTIONS IN OUR STOCK CUMBERSOME AND MAY REDUCE THE VALUE OF AN INVESTMENT IN OUR STOCK

The SEC has adopted Rule 15g-9 which establishes the definition of a "penny stock", for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- o that a broker or dealer approve a person's account for transactions in penny stocks; and
- o the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

- o obtain financial information and investment experience objectives of the person; and
- o make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form:

- o sets forth the basis on which the broker or dealer made the suitability determination; and
- o that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

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Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

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SELLING STOCKHOLDERS

The following table presents information regarding the selling stockholders. The selling shareholders are the entities who have assisted in or provided financing to Transax. A description of each selling shareholder's relationship to Transax and how each selling shareholder acquired the shares to be sold in this offering is detailed in the information immediately following this table.

Selling Stockholder -----	Shares Beneficially Owned Before Offering -----	Percentage of Outstanding Shares Beneficially Owned Before Offering -----	Shares to be Acquired Pursuant to the Cornell Offering(1) -----	Percentage of Shares to be Acquired Pursuant to the Cornell Offering(1) -----	Sh So -----
SHARES ACQUIRED IN FINANCING TRANSACTIONS WITH TRANSAX					
Cornell Capital Partners, LP	1,281,126 (3)	4.01%	30,000,000	48.40%	30
Scott and Heather Grimes - Joint Tenants with Rights of Survivorship	3,571,429 (5)	11.17%	--	--	3
TOTAL	4,852,555 =====	15.18% =====	30,000,000 =====	48.40% =====	33 =====

* Less than one percent (1%).

(1) Applicable percentage of ownership is based on 31,980,726 shares of common stock outstanding as of July 25, 2006, together with securities exercisable or convertible into shares of common stock within sixty (60) days of July 25, 2006, for each stockholder. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to securities exercisable or convertible into shares of common stock that are currently exercisable or exercisable within sixty (60) days of July 25, 2006 are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Note that affiliates are subject to Rule 144 and Insider trading regulations - percentage computation is for form purposes only.

(2) Includes the 5,000,000 shares which may be issued upon the exercise of the

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Warrants, 3,171,429 shares underlying the Debenture and 400,000 shares underlying the SHG Warrant.

- (3) Consists of 288,880 shares of common stock and 992,246 shares of common stock issuable upon conversion of Series A Preferred Shares. For purposes of calculating Cornell Capital Partners' beneficial ownership, this figure does not include 29,007,754 shares registered on behalf of this person, as follows: (i) 24,007,754 shares issuable upon conversion of the Series A Preferred Shares and (ii) 5,000,000 shares issuable upon exercise of the Warrants. Pursuant to provisions in the convertible debenture and the warrants, Cornell Capital Partners does not have the right to acquire within sixty (60) days, through the conversion of the convertible debentures or through the exercise of the warrants such number of shares which after giving effect to such exercise or conversion would cause the aggregate number of shares beneficially owned by Cornell Capital Partners and its affiliates to exceed 4.99% of the total outstanding shares of the Company. As a result of this limitation on its percentage beneficial ownership, we do not consider Cornell Capital Partners to be an affiliate.
- (4) Includes 288,880 shares which were received as a commitment fee under a now terminated Standby Equity Distribution Agreement.
- (5) Consists of 3,171,429 shares of common stock underlying the Debenture and 400,000 shares underlying the SHG Warrant.

The following information contains a description of each selling shareholder's relationship to Transax and how each selling shareholder acquired the shares to be sold in this offering is detailed below. None of the selling stockholders have held a position or office, or had any other material relationship, with Transax, except as follows:

SHARES ACQUIRED IN FINANCING TRANSACTIONS WITH TRANSAX

CORNELL CAPITAL PARTNERS, LP (CORNELL CAPITAL PARTNERS). Cornell Capital Partners is the investor under the Investment Agreement. All investment decisions of, and control of, Cornell Capital Partners are held by its general partner, Yorkville Advisors, LLC. Mark Angelo, the managing member of Yorkville Advisors, makes the investment decisions on behalf of and controls Yorkville Advisors. Cornell Capital Partners acquired all shares being registered in this offering in a financing transaction with Transax. The transaction is explained below:

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o THE INVESTMENT AGREEMENT. On January 13, 2006, Transax entered into an Investment Agreement with Cornell Capital Partners (Cornell Capital Partners and the Company are collectively referred to herein as the "Parties"), pursuant to which the Company sold to Cornell Capital Partners up to 16,000 Series A Preferred Shares, no par value per share, which shall be convertible, at Cornell Capital Partners' discretion, into shares of the Company's common stock, par value \$0.00001 per share, for a total price of up to \$1,600,000. The Series A Preferred Shares are senior to all common stock and all series of preferred stock of the Company. The holders of Series A Preferred Shares are entitled to receive dividends or distribution on a pro rata basis in the amount of seven percent (7%) per year. Dividends shall be paid in cash and shall be cumulative.

Each share of Series A Preferred Shares may be converted into shares of the Company's common stock equal to the sum of the Liquidation Amount, defined as an amount equal to \$100 per share of Series A Preferred Shares, plus accrued but

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unpaid dividends thereon, divided by the Conversion Price. The Conversion Price is defined to be equal to the lower of (i) \$0.192 or (ii) eighty percent (80%) of the lowest daily volume weighted average price of the Company's common stock, as determined by price quotations from Bloomberg, LP, during the ten (10) trading days immediately preceding the date of conversion. Of the 16,000 Series A Preferred Shares to be sold to Cornell Capital Partners, 8,000 Series A Preferred Shares equal a purchase price of \$800,000, which consists of \$255,237 from the surrender of the Promissory Note (as described below) and \$544,763 consisting of new funding. The Company completed the Closing (as such term is defined in the Investment Agreement) by issuing to Cornell Capital Partners the remaining 8,000 Series A Preferred Shares for a purchase price equal to \$800,000 on May 8, 2006, prior to the date that the Registration Statement (which this Prospectus is made part) was initially filed with the SEC.

In connection with the Investment Agreement, the Company and Cornell Capital Partners entered into an Investor Registration Rights Agreement (the "IRRA"), dated January 13, 2006, pursuant to which the parties agreed that, in the event the Registration Statement is not filed within thirty (30) days from the date the Company files its Annual Report on Form 10-KSB for the year ended December 31, 2005 (the "Filing Deadline") or is not declared effective by the SEC within ninety (90) days of the date of the IRRA (the "Effective Deadline"), or if after the Registration Statement has been declared effective by the SEC, sales cannot be made pursuant to the Registration Statement, then as relief for the damages to any holder of Registrable Securities (as defined in the IRRA) by reason of any such delay in or reduction of its ability to sell the underlying shares of common stock (which remedy shall not be exclusive of any other remedies at law or in equity), the Company will pay as liquidated damages to the holder, at the holder's option, either a cash amount or shares of the Company's common stock equal to two percent (2%) of the Liquidation Amount (as defined above) outstanding as liquidated damages for each thirty (30) day period or any part thereof after the Filing Deadline or the Effective Deadline as the case may be. Any liquidated damages payable hereunder shall not limit, prohibit or preclude the holder from seeking any other remedy available to it under contract, at law or in equity. The Company shall pay liquidated damages hereunder within three (3) business days of the holder making written demand. It shall also become an event of default under the IRRA if the Registration Statement is not declared effective by the SEC within one-hundred twenty (120) days from the date of the IRRA. The Company initially filed its Registration Statement (of which this Prospectus is made a part) with the SEC on May 9, 2006.

In connection with the sale of the Series A Preferred Shares, on January 13, 2006, Cornell Capital Partners surrendered the Promissory Note issued by the Company to Cornell Capital Partners on May 17, 2005, in the principal amount of \$255,237, in exchange of \$255,237 of Series A Preferred Shares. As of January 13, 2006, the full amount outstanding under the Promissory Note was \$255,237, plus accrued and unpaid interest of zero dollars (\$0). As a result, the Promissory Note was retired and cancelled. The Parties also terminated the Securities Purchase Agreement and the Investor Registration Rights Agreement, each dated as of October 25, 2004, as well as the Pledge and Escrow Agreements, each dated as of October 21, 2004, that were entered into by the Parties in connection with the issuance of the Promissory Note.

o WARRANTS. On January 13, 2006, the Company issued to Cornell Capital Partners two (2) Warrants to purchase up to 5,000,000 shares of the Company's common stock. The first Warrant issued to Cornell Capital Partners for 2,500,000 shares of common stock at an exercise price of \$0.30, shall terminate after the five (5) year anniversary of the date of issuance. The second warrant issued to Cornell Capital Partners for 2,500,000 shares of common stock at exercise price of \$0.20, shall terminate after the five (5) year anniversary of the date of issuance.

o SCOTT AND HEATHER GRIMES - JOINT TENANTS WITH RIGHTS OF SURVIVORSHIP

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(INVESTOR). Investor is the holder of the convertible Debentures. Investor acquired all shares being registered in this offering in a financing transaction with Transax. This transaction is explained below:

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o CONVERTIBLE DEBENTURES. On April 1, 2005, Company entered into a Securities Purchase Agreement with Investor. Pursuant to the Securities Purchase Agreement, the Company issued the convertible Debenture to Investor in the original principal amount of \$250,000.

The Debenture is convertible at the holder's option any time up to maturity at a conversion price equal to the lower of: (i) one hundred twenty percent (120%) of the closing bid price of the common stock on the date of the Debenture or (ii) eighty percent (80%) of the lowest closing bid price of the Company's common stock for the five (5) trading days immediately preceding the conversion date. The Debenture has a two (2) year term and accrues interest at five percent (5%) per year. At maturity, the Debentures will automatically convert into shares of common stock at a conversion price equal to the lower of: (i) 120% of the closing bid price of the Company's common stock on the date of the Debentures or (ii) eighty percent (80%) of the lowest closing bid price of the common stock for five (5) trading days immediately preceding the conversion date. On July 17, 2006, the Investor converted \$15,000 of the Debenture into 104,167 shares of common stock. The Company is registering 3,171,429 shares of its common stock underlying the conversion of the Debenture in this offering.

o SHG WARRANT. On February 1, 2006, the Company and the Investor mutually agreed to extend the term of the Debenture through December 1, 2007. In addition, the Company issued the SHG Warrant to purchase 400,000 shares of the Company's common stock. The SHG Warrant has a term of two (2) years and is exercisable at \$0.20 per share. The Company is registering 400,000 shares underlying the SHG Warrant.

USE OF PROCEEDS

This Prospectus relates to shares of our common stock that may be offered and sold from time to time by certain selling stockholders. Therefore, there will be no proceeds to us from the sale of shares of common stock in this offering.

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PLAN OF DISTRIBUTION

The selling stockholders have advised us that the sale or distribution of our common stock owned by the selling stockholders may be effected directly to purchasers by the selling stockholders as principals or through one (1) or more underwriters, brokers, dealers or agents from time to time in one (1) or more transactions (which may involve crosses or block transactions); (i) on the over-the-counter market or in any other market on which the price of our shares of common stock are quoted or (ii) in transactions otherwise than on the over-the-counter market or in any other market on which the price of our shares of common stock are quoted. Any of such transactions may be effected at market prices prevailing at the time of sale, at prices related to such prevailing market prices, at varying prices determined at the time of sale or at negotiated or fixed prices, in each case as determined by the selling stockholders or by agreement between the selling stockholders and underwriters, brokers, dealers or

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agents or purchasers. If the selling stockholders effect such transactions by selling their shares of common stock to or through underwriters, brokers, dealers or agents, such underwriters, brokers, dealers or agents may receive compensation in the form of discounts, concessions or commissions from the selling stockholders or commissions from purchasers of common stock for whom they may act as agent (which discounts, concessions or commissions as to particular underwriters, brokers, dealers or agents may be in excess of those customary in the types of transactions involved).

On January 13, 2006, Transax entered into an Investment Agreement with Cornell Capital Partners (Cornell Capital Partners and the Company are also collectively referred to herein as the "Parties"), pursuant to which the Company sold to Cornell Capital Partners up to 16,000 of Series A Preferred Shares, no par value per share which shall be convertible, at Cornell Capital Partners' discretion, into shares of the Company's common stock, for a total price of up to \$1,600,000. The Series A Preferred Shares are senior to all common stock and all series of preferred stock of the Company. The holders of Series A Preferred Shares are entitled to receive dividends or distribution on a pro rata basis in the amount of seven percent (7%) per year. Dividends shall be paid in cash and shall be cumulative. Each share of Series A Preferred Shares may be converted into shares of the Company's common stock equal to the sum of the Liquidation Amount, defined as an amount equal to \$100 per share of Series A Preferred Shares, plus accrued but unpaid dividends thereon, divided by the Conversion Price. The Conversion Price is defined to be equal to the lower of (i) \$0.192 or (ii) eighty percent (80%) of the lowest daily volume weighted average price of the Company's common stock, as determined by price quotations from Bloomberg, LP, during the ten (10) trading days immediately preceding the date of conversion. Of the 16,000 Series A Preferred Shares sold to Cornell Capital Partners, 8,000 Series A Preferred Shares equal a purchase price of \$800,000, which consists of \$255,237 from the surrender of the Promissory Note (as described below) and \$544,763 consisting of new funding. The Company completed the Closing (as such term is defined in the Investment Agreement) by issuing to Cornell Capital Partners the remaining 8,000 Series A Preferred Shares for a purchase price equal to \$800,000 on May 7, 2006, prior to the date that the Registration Statement (of which this Prospectus is made a part) was initially filed with the SEC.

In connection with the Investment Agreement, the Parties entered into an Investor Registration Rights Agreement (the "IRRA"), dated January 13, 2006, pursuant to which the parties agreed that, in the event the Registration Statement is not filed within thirty (30) days from the date the Company files its Annual Report on Form 10-KSB for the year ended December 31, 2005 (the "Filing Deadline") or is not declared effective by the SEC within ninety (90) days of the date of the IRRA (the "Effective Deadline"), or if after the Registration Statement has been declared effective by the SEC, sales cannot be made pursuant to the Registration Statement, then as relief for the damages to any holder of Registrable Securities by reason of any such delay in or reduction of its ability to sell the underlying shares of common stock (which remedy shall not be exclusive of any other remedies at law or in equity), the Company will pay as liquidated damages to the holder, at the holder's option, either a cash amount or shares of the Company's common stock equal to two percent (2%) of the Liquidation Amount (as defined above) outstanding as liquidated damages for each thirty (30) day period or any part thereof after the Filing Deadline or the Effective Deadline as the case may be. Any liquidated damages payable hereunder shall not limit, prohibit or preclude the holder from seeking any other remedy available to it under contract, at law or in equity. The Company shall pay liquidated damages hereunder within three (3) business days of the holder making written demand. It shall also become an event of default under the IRRA if the Registration Statement is not declared effective by the SEC within one-hundred twenty (120) days from the date of the IRRA. The Company initially filed its Registration Statement (of which this Prospectus is made a part) with the SEC on

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May 9, 2006.

In connection with the sale of the Series A Preferred Shares, on January 13, 2006, Cornell Capital Partners surrendered the Promissory Note issued by the Company to Cornell Capital Partners on May 17, 2005, in the principal amount of \$255,237, in exchange of \$255,237 of Series A Preferred Shares. As of January 13, 2006, the full amount outstanding under the Promissory Note was \$255,237, plus accrued and unpaid interest of zero dollars (\$0). As a result, the Promissory Note was retired and canceled. The Parties also agreed to terminate the Securities Purchase Agreement and the Investor Registration Rights Agreement, each dated as of October 25, 2004, as well as the Pledge and Escrow Agreements, each dated as of October 21, 2004, that were entered into by the Parties in connection with the issuance of the Promissory Note.

On January 13, 2006, the Company also issued to Cornell Capital Partners the Warrants to purchase up to 5,000,000 shares of common stock. The first Warrant issued to Cornell Capital Partners for 2,500,000 shares of common stock, at an exercise price of \$0.30, shall terminate after the five (5) year

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anniversary of the date of issuance. The second Warrant issued to Cornell Capital Partners was 2,500,000 shares of common stock, at exercise price of \$0.20, shall terminate after the five (5) year anniversary of the date of issuance.

Cornell Capital Partners was formed in February 2000 as a Delaware limited partnership. Cornell Capital Partners is a domestic hedge fund in the business of investing in and financing public companies. Cornell Capital Partners does not intend to make a market in our stock or to otherwise engage in stabilizing or other transactions intended to help support the stock price.

Prospective investors should take these factors into consideration before purchasing our common stock.

On April 1, 2005, Company entered into the Securities Purchase Agreement with Scott and Heather Grimes, Joint Tenants - with Rights of Survivorship (the "Investor"). Pursuant to the Securities Purchase Agreement, the Company issued a convertible debenture to Investor in the original principal amount of \$250,000 (the "Debenture"). The Debenture is convertible at the holder's option any time up to maturity at a conversion price equal to the lower of: (i) one hundred twenty percent (120%) of the closing bid price of the common stock on the date of the Debentures or (ii) eighty percent (80%) of the lowest closing bid price of the Company's common stock for the five (5) trading days immediately preceding the conversion date. The Debenture has a two (2) year term and accrue interest at five percent (5%) per year. At maturity, the Debenture will automatically convert into shares of common stock at a conversion price equal to the lower of: (i) one hundred twenty percent (120%) of the closing bid price of the Company's common stock on the date of the Debenture or (ii) eighty percent (80%) of the lowest closing bid price of the common stock for five (5) trading days immediately preceding the conversion date. On July 17, 2006, the Investor converted \$15,000 of the Debenture into 104,167 shares of the Company's common stock.

On February 1, 2006, the Company and Investor mutually agreed to extend the term of the Debentures until December 1, 2007. In addition, the Company issued the SHG Warrant to purchase 400,000 shares of the Company's common stock. The SHG Warrant has a term of two (2) years and is exercisable at \$0.20 per share. The Company is registering 3,171,429 shares of its common stock underlying the conversion of the Debenture and 400,000 shares underlying the SHG Warrant.

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Under the securities laws of certain states, the shares of common stock may be sold in such states only through registered or licensed brokers or dealers. The selling stockholders are advised to ensure that any underwriters, brokers, dealers or agents effecting transactions on behalf of the selling stockholders are registered to sell securities in all fifty states. In addition, in certain states the shares of common stock may not be sold unless the shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

We will pay all the expenses incident to the registration, offering and sale of the shares of common stock to the public hereunder other than commissions, fees and discounts of underwriters, brokers, dealers and agents. If any of these other expenses exists, Transax expects the selling stockholders to pay these expenses. We have agreed to indemnify Cornell Capital Partners and its controlling persons against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). We estimate that the expenses of the offering to be borne by us will be approximately \$85,000. The estimated offering expenses consist of: an SEC registration fee of \$439, printing expenses of \$2,500, accounting fees of \$15,000, legal fees of \$50,000 and miscellaneous expenses of \$17,061. We will not receive any proceeds from the sale of any of the shares of common stock by the selling stockholders.

The selling stockholders are subject to applicable provisions of the Exchange Act, and its regulations, including Regulation M. Under Registration M, the selling stockholders or their agents may not bid for, purchase, or attempt to induce any person to bid for or purchase, shares of our common stock while such selling stockholders are distributing shares covered by this Prospectus.

Pursuant to the requirements of Item 512 of Regulation S-B and as stated in Part II of this Registration Statement, the Company must file a post-effective amendment to the accompanying Registration Statement once informed of a material change from the information set forth with respect to the Plan of Distribution.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

OVERVIEW

Transax International Limited, currently trades on the Over-the-Counter Bulletin Board under the symbol "TNSX.OB".

The Company was incorporated under the laws of the State of Colorado in 1999 under the name "Vega-Atlantic Corporation". Previously, the Company was engaged in the business of minerals and oil and gas exploration, acquisition and development within the United States and worldwide. During August 2003, the Company completed the acquisition of Transax Limited, a Colorado privately-held corporation ("Transax Limited"), pursuant to a reverse merger and changed its name to "Transax International Limited" by filing an amendment to its articles of incorporation.

The Company, through its wholly-owned subsidiary TDS Telecommunication Data Systems LTDA. ("TDS") is an international provider of information network solutions, products and services specifically designed for the healthcare providers and health insurance companies (collectively, the "Health Information Management Products").

SUBSIDIARIES

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TDS TELECOMMUNICATION DATA SYSTEMS LTDA

TDS was incorporated under the laws of Brazil on May 2, 1998, and is a wholly-owned subsidiary of the Company. TDS assists the Company in providing information network solutions, products and services within Brazil.

TRANSAX AUSTRALIA PTY LTD.

Transax Australia Pty Ltd. ("Transax Australia") was incorporated under the laws of the state of New South Wales, Australia on January 19, 2003, and is a wholly-owned subsidiary of the Company. Transax Australia assists the Company in seeking marketing opportunities to provide information network solutions, products and services within Australia and regionally.

MEDLINK TECHNOLOGIES, INC.

MedLink Technologies, Inc. ("MedLink") was incorporated under the laws of Mauritius on January 17, 2003, and is a wholly-owned subsidiary of the Company. MedLink holds the intellectual property developed by the Company and is responsible for initiating research and development.

CRITICAL ACCOUNTING POLICIES

Our financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are affected by management's applications of accounting policies. Critical accounting policies for Transax International Limited include the useful lives of property and equipment, accounting for stock based compensation and revenue recognition.

We review the carrying value of property and equipment for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by comparison of its carrying amount to the undiscounted cash flows that the asset or asset group is expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the property, if any, exceeds its fair market value.

Under the criteria set forth in SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed," capitalization of software development costs begins upon the establishment of technological

feasibility of the software. The establishment of technological feasibility and the ongoing assessment of the recoverability of these costs require considerable judgment by management with respect to certain external factors, including, but not limited to, anticipated future gross product revenues, estimated economic life, and changes in software and hardware technology. Capitalized software development costs are amortized utilizing the straight-line method over the estimated economic life of the software not to exceed three years. We regularly review the carrying value of software development assets and a loss is recognized when the unamortized costs are deemed unrecoverable based on the estimated cash flows to be generated from the applicable software.

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Accounting for Stock Based Compensation - Effective January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123 ("SFAS No. 123R") (revised 2004), Share Based Payment. SFAS No. 123R establishes the financial accounting and reporting standards for stock-based compensation plans. As required by SFAS No. 123R, we recognize the cost resulting from all stock-based payment transactions including shares issued under its stock option plans in the financial statements. The adoption of this pronouncement may have a material effect on our results of operations.

Revenue Recognition - Our revenues, which do not require any significant production, modification or customization for the Company's targeted customers and do not have multiple elements, is recognized when (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the Company's fee is fixed and determinable, and; (4) collectibility is probable.

Substantially all of our revenues are derived from the processing of applications by healthcare providers for approval of patients for healthcare services from insurance carriers. Our software or hardware devices containing our software are installed at the healthcare provider's location. We offer transaction services to authorize and adjudicate identity of the patient and obtain "real time" approval for any necessary medical procedure from the insurance carrier. Our transaction-based solutions provide remote access for healthcare providers to connect with contracted insurance carriers. Transaction services are provided through contracts with insurance carriers and others, which specify the services to be utilized and the markets to be served. Our clients are charged for these services on a per transaction basis. Pricing varies depending type of transactions being processed under the terms of the contract for which services are provided. Transaction revenues are recognized in the period in which the transactions are performed.

RECENT ACCOUNTING PRONOUNCEMENTS

In February 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 155, "Accounting for Certain Hybrid Financial Instruments--an amendment of FASB Statements No. 133 and 140" ("SFAS 155"). SFAS 155 permits fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation and clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement 133. SFAS 155 establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation and clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives. Lastly, SFAS 155 amends SFAS 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS 155 is effective in the first fiscal year that begins after September 15, 2006. We are still assessing the impact, if any, on its consolidated financial position, results of operations and cash flows.

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Management does not believe that any recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

EFFECT OF RECENT ACCOUNTING PRONOUNCEMENTS

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In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment, an Amendment of FASB Statement No. 123". SFAS No. 123R requires companies to recognize, in the statement of operations, the grant-date fair value of stock options and other equity-based compensation issued to employees. SFAS No. 123R is effective for the Company on January 1, 2006. The adoption of this standard did not have a material impact on our financial statements.

In December 2004, the FASB issued SFAS Statement No. 153, "Exchanges of Non-monetary Assets". The Statement is an amendment of Accounting Principles Board ("APB") Opinion No. 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. We believe that the adoption of this standard will have no material impact on our financial statements.

RESULTS OF OPERATIONS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2006 COMPARED TO THREE-MONTH PERIOD ENDED MARCH 31, 2005

Our net losses during the three-month period ended March 31, 2006 were \$691,704 compared to a net loss of \$98,819 during the three-month period ended March 31, 2005, an increase of \$592,885.

During the three-month period ended March 31, 2006, we generated \$981,058 in revenues compared to \$640,408 in revenues for the three-month period ended March 31, 2005, an increase of \$340,650 or 53.19%. The significant increase in revenues is due to the continued installation of our software and/or hardware devices containing our software at the healthcare provider's locations in Brazil. Upon installation, we begin the processing of applications submitted by the healthcare provider for approval of patients for healthcare services from the insurance carrier. We charge for these services on a per transaction basis.

We undertook approximately 1.84 million "real time transactions during the three-month period ended March 31, 2006 compared to 1.33 million "real time" transactions during the period ended March 31, 2005.

During the three-month period ended March 31, 2006, we incurred operating expenses of \$1,102,832 compared to operating expenses of \$679,536 incurred during the three month period ended March 31, 2005, an increase of \$423,296 or 62.29%. The increase in operating expenses during the three-month period ended March 31, 2006 from the same period in 2005 resulted from: (i) an increase of \$268,745 or 111.15% in cost of product support services resulting from the increase in revenues; (ii) an increase of \$75,126 or 222.82%, in management and consulting fee-related parties due to an increase in use of management and a director/consultants needed to handle our increased operations; (iii) an increase of \$3,113 or 1.36%, in general and administrative expenses resulting from a slight increase in operating costs associated with increased operations; an increase of \$21,136 or 47.41% in depreciation and amortization expense as a result of an increase in property and equipment acquired for our TDS operations; (iv) an increase of \$9,517 or 64.11% in investor relations fees; and (v) an increase of \$57,555 or 473.12% in professional fees relating to our legal costs associated with our financings and filing of a registration statement of Form SB-2.

Certain operating expenses, however, decreased during the three-month period ended March 31, 2006 from the same period in 2005 as follows: (i) a decrease of \$11,896 or 11.44%, in payroll and related benefits, which is attributable to a slight decrease in the number of employees.

We reported a loss from operations of \$121,774 for the three-month period

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ended March 31, 2006 as compared to a loss from operations of \$39,128 for the three month period ended March 31, 2005. Although there can be no assurances, we anticipate that during fiscal year 2006, our ongoing marketing efforts and product roll-out will result in an increase in our net sales from those reported during fiscal year 2006. To support these increased sales, we anticipate that our operating expenses will also increase during fiscal year 2006 as compared to fiscal year 2005. We are, however, unable to predict at this time the amount of any such increase in operating expenses.

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Total other expenses increased \$510,239 or 854.80% for the three-month period ended March 31, 2006 as compared to the three-month period ended March 31, 2005.

Included in this change is: (i) an increase in other expense of \$32,863 from \$10,514 of other income recognized during the three-month period ended March 31, 2005; (ii) an increase of \$153,671 in debt settlement and offering costs from \$-0- during the three-month period ended March 31, 2005, which relates to the issuance of warrants to the debenture holder and amortization of certain debt offering costs; (iii) an increase of \$249,103 in loss from derivative liabilities from \$-0- during the three-month period ended March 31, 2005, which relates to the classification of the embedded conversion feature and related warrants issued in connection with our Series A preferred stock and debenture payable as a derivative instrument; and (iv) an increase of \$72,033 in interest expense from \$60,218 for the three-month period ended March 31, 2005, which reflects an increase in our borrowings during the three-month period ended March 31, 2006 and in connection with the amortization of debt discounts and debt offering costs of \$36,033.

For the three-month period ended March 31, 2006, our net loss was \$691,704 compared to a net loss of \$98,819 for the three-month period ended March 31, 2005.

During the three months ended March 31, 2006, we recorded a deemed preferred stock dividend of \$800,000 which relates to our Series A Convertible Preferred Stock. This non-cash expense related to the embedded beneficial conversion features of those securities and fair value of warrants of those securities.

We reported a net loss attributable to common shareholders of \$1,491,704 for the three months ended March 31, 2006 as compared to a net loss attributable to common shareholders of \$98,819 for the three months ended March 31, 2005. This translates to an overall per-share loss available to shareholders of (\$0.02) and \$(0.00) for the three months ended March 31, 2006 and 2005, respectively.

FOR FISCAL YEAR ENDED DECEMBER 31, 2005 COMPARED TO THE FISCAL YEAR ENDED DECEMBER 31, 2004

Our net losses during fiscal year ended December 31, 2005 were \$764,464 compared to a net loss of \$1,792,255 for fiscal year ended December 31, 2004, a decrease of \$1,027,771. During fiscal year ended December 31, 2005, we generated \$3,380,150 in revenues compared to \$1,199,900 in revenues during fiscal year ended December 31, 2004, an increase of \$2,180,250 or 181.7%. The significant increase in revenues is due to the continued installation of our software and/or hardware devices containing our software at the healthcare provider's locations in Brazil. Upon installation, we begin the processing of applications submitted by the healthcare provider for approval of patients for healthcare services from the insurance carrier. We charge for these services on a per transaction basis.

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We undertook approximately 6,500,000 "real time" transactions during fiscal year 2005 compared to 2,800,000 "real time" transactions during fiscal year 2004. At December 31, 2005, we had 5,350 MedLink Solutions operational in Brazil, including 2,750 Point of Sales ("POS") solutions.

During fiscal year ended December 31, 2005, we incurred operating expenses of \$3,543,534 compared to operating expenses of \$2,326,063 during fiscal year ended December 31, 2004, an increase of \$1,217,471 or 52.34%. The increase in operating expenses during fiscal year ended December 31, 2005 from fiscal year ended December 31, 2004 resulted from: (i) an increase of \$910,337 or 128.15% in cost of product support services resulting from the increase in net revenues; (ii) an increase of \$49,757 or 13.65% in payroll and related benefits due to an increase in employees needed to handle our increased operations; (iii) an increase of \$143,980 or 23.23% in general and administrative expenses resulting from increased operating costs associated with increased operations; (iv) an increase of \$194,300 or 345.66% in depreciation and amortization expense as a result of an increase in property and equipment acquired for our TDS operations; (v) an increase of \$19,347 or 17.75% in investor relation fees attributable to an increase in the use of investor relations services; and (vi) an increase of \$3,562 or 2.80% in professional fees related to legal fees associated with our SEC filings.

Certain operating expenses, however, decreased during fiscal year ended December 31, 2005 from fiscal year ended December 31, 2004. Management fees - related parties decreased \$103,812 or 30.63% attributable to a decrease in amounts paid to our management.

We reported a loss from operations of \$163,384 for fiscal year ended December 31, 2005 as compared to a loss from operations of \$1,126,163 for fiscal year ended December 31, 2004. Although there can be no assurances, we anticipate

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that during fiscal year 2006, our ongoing marketing efforts and product roll-out will result in an increase in our net sales from those reported during fiscal year 2005. To support these increased sales, we anticipate that our operating expenses will also increase during fiscal year 2006 as compared to fiscal year 2005. We are, however, unable to predict at this time the amount of any such increase in operating expenses.

Total other expenses decreased \$64,991 or 9.76% for fiscal year ended December 31, 2005 as compared to fiscal year ended December 31, 2004. Included in this change is: (i) a decrease in other income (expenses) of \$69,139 or 135.31% during fiscal year ended December 31, 2005 compared to fiscal year ended December 31, 2004, which results from income recognized during fiscal year ended December 31, 2004 upon settlement of accounts payable balances, which were settled for less than the original obligation; (ii) a decrease of \$197,685 or 32.64% in interest expense for fiscal year ended December 31, 2005 compared to fiscal year ended December 31, 2004 which reflects an increase in our borrowing during fiscal year 2005 offset by a decrease in interest expense recorded in connection with warrants granted upon debt conversion;; (iii) an increase of \$88,347 or 97.13% in interest expense - related party during fiscal year ended December 31, 2005 compared to fiscal year ended December 31, 2004, which reflects an increase due to the granting of warrants in connection with debt conversions and an increase in our borrowing from related parties; and (iv) an increase of \$43,304, or 210.52% in foreign exchange rate gains due to a favorable fluctuation in the exchange rate between Brazil and the United States and (v) the recording of a loss from derivative liability of \$18,512 in 2005 related to our debenture payable.

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For the fiscal year ended December 31, 2005, our net loss was \$764,484 or \$0.03 per common share compared to a net loss of \$1,792,255 or \$0.10 per common share for the fiscal year ended December 31, 2004.

LIQUIDITY AND CAPITAL RESOURCES

FOR THREE-MONTH PERIOD ENDED MARCH 31, 2006

As of March 31, 2006, our current assets were \$691,719 and our current liabilities were \$3,350,909, which resulted in a working capital deficit of \$2,659,190. As of March 31, 2006, our total assets were \$1,855,377 consisting of: (i) \$44,333 in cash; (ii) \$208,366 in prepaid expenses and other current assets; (iii) \$439,020 in accounts receivable; (iv) \$361,140 in net software development costs; (v) \$778,587 in net valuation of property and equipment; (vi) \$4,800 in other assets; and (vii) \$19,131 in deferred debt offering costs.

As of March 31, 2006, our total liabilities were \$4,249,692 consisting of: (i) \$1,799,473 in long-term and current portion of accounts payable and accrued expenses; (ii) \$235,166 due to related parties; (iii) \$201,799 in convertible loans to related parties; (iv) \$152,967 in loan payable to related parties; (v) \$1,982 in current portion of capital lease obligation; (vi) \$125,000 in net convertible debenture payable; (vii) \$369,004 in loans payable; (viii) \$628,798 in warranty liability; and (ix) \$735,503 in convertible feature liability. As at March 31, 2006, our current liabilities were \$3,350,909 compared to \$2,563,200 at December 31, 2005. The increase in current liabilities is due primarily to the recording of warrant and convertible feature liabilities offset by the repayment of loans and related loans payable.

Stockholders' deficit increased from \$1,627,640 for fiscal year ended December 31, 2005 to \$2,394,315 for the three-month period ended March 31, 2006.

For the three-month period ended March 31, 2006, net cash flow used in operating activities was \$154,586 compared to net cash provided by operating activities of \$79,432 for the three-month period ended March 31, 2005. The change in cash flows used by operating activities is due to the increase in net loss for the three-month period ended March 31, 2006 as well as the repayment of accounts payable.

Net cash flows used in investing activities amounted to \$283,497 for the three-month period ended March 31, 2006 compared to \$261,201 for the three-month period ended March 31, 2005. During the three-month period ended March 31, 2006, we capitalized software development costs and acquired equipment for our hardware and software installations while in the three-month period ended March 31, 2005, these costs were less.

Net cash flow provided by financing activities for the three-month period ended March 31, 2006 was \$473,926, resulting primarily from net proceeds from the sale of shares of Series A Preferred Stock of \$495,734 and proceeds from loans in the amount of \$77,499 offset by repayment of capital lease obligations of \$14,307 and the repayment or related party loans of \$85,000 compared to \$99,334 for the three-month period ended March 31, 2005 resulting primarily from proceeds from a convertible debenture.

In summary, based upon the cash flow activities as previously discussed, for the three-month period ended March 31, 2006, our overall cash position increased by \$36,458.

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Since our inception, we have funded operations through short-term borrowings and equity investments in order to meet our strategic objectives. Our future operations are dependent upon external funding and our ability to increase revenues and reduce expenses. Management believes that sufficient funding will be available from additional related party borrowings and private placements to meet our business objectives including anticipated cash needs for working capital, for a reasonable period of time. However, there can be no assurance that we will be able to obtain sufficient funds to continue the development of our software products and distribution networks.

On January 13, 2006, we entered into an Investment Agreement with Cornell Capital Partners, LP ("Cornell") and together with the Company, (the "Parties"), pursuant to which we shall sell to Cornell up to 16,000 shares of Series A Convertible Preferred Stock, no par value per share, (the "Series A Preferred Shares") which shall be convertible, at Cornell's discretion, into shares of the Company's common stock, par value \$.00001 per share (the "Common Stock") for a total price of up to \$1,600,000.

Of the 16,000 Series A Preferred Shares to be sold to Cornell, 8,000 Series A Preferred Shares had a purchase price of \$800,000, which consists of \$255,237 from the surrender of a Promissory Note (as described below) and \$544,763 consisting of new funding of which the Company received net proceeds of \$470,734 after the payment of placement fees and expenses of \$74,029. The purchase of the additional 8,000 Series A Preferred Shares, at the purchase price of \$800,000, shall close two (2) business days prior to the date that a registration statement is filed with the United States Securities and Exchange Commission.

Q: If

my shares are held in "street name," will my broker, bank or other nominee automatically vote my shares for me?

No. Under the rules of various national and regional securities exchanges, your broker, bank or other nominee cannot vote your shares with respect to non-discretionary matters unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker, bank or nominee. We believe the proposals presented to the stockholders at the special meeting will be considered non-discretionary and therefore your broker, bank or other nominee cannot vote your shares without your instruction. If you do not provide instructions with your proxy, your broker, bank or other nominee may deliver a proxy card expressly indicating that it is NOT voting your shares this indication that a broker, bank or nominee is not voting your shares is referred to as a "broker non-vote." Broker non-votes will not be counted for the purpose of determining the existence of a quorum or for purposes of determining the number of votes cast at the special meeting. Your broker, bank or other nominee can vote your shares only if you provide instructions on how to vote. You should instruct your nominee to vote your shares in accordance with directions you provide.

Q: May I change my vote after I have mailed my signed proxy card?

A: Yes. You may change your vote by sending a later-dated, signed proxy card to our secretary at the address listed below so that it is received by our secretary prior to the special meeting or by attending the special meeting in person and voting. You also may revoke your proxy by sending a notice of revocation to our secretary, which must be received by our secretary prior to the special meeting.

Q: What should I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive in order to cast your vote with respect to all of your shares.

Q: Who will solicit and pay the cost of soliciting proxies?

A: BHAC will pay the cost of soliciting proxies for the special meeting. BHAC has engaged Advantage Proxy, Inc. to assist in the solicitation of proxies for the special meeting. BHAC has agreed to pay Advantage Proxy, Inc. a fee of \$4,000, plus costs and expenses and a per call fee for any incoming or outgoing stockholder calls for such services, which fee also includes Advantage Proxy, Inc. acting as the inspector of elections at the special meeting. BHAC will reimburse Advantage Proxy, Inc. for reasonable out-of-pocket expenses and will indemnify Advantage Proxy, Inc. and its affiliates against certain claims, liabilities, losses, damages and expenses. BHAC will also reimburse banks, brokers and other custodians, nominees and fiduciaries representing beneficial owners of shares of BHAC's common stock for their expenses in forwarding soliciting materials to beneficial owners of BHAC's common stock and in obtaining voting instructions from those beneficial owners. Our directors and officers may also solicit proxies by telephone, by facsimile, by mail, on the Internet or in person. They will not be paid any additional amounts for soliciting proxies.

Q: Who can help answer my questions?

A: If you have questions about the proposals or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact our proxy solicitor at:

Advantage Proxy, Inc.
P.O. Box 13581
Des Moines, WA 98198
Attn: Karen Smith
Email: ksmith@advantageproxy.com
Toll Free Phone: (877) 870-8565
Tel: (206) 870-8565

To obtain timely delivery, our stockholders must request the materials no later than five business days prior to the special meeting.

You may also obtain additional information about us from documents filed with the SEC by following the instructions in the section entitled "Where You Can Find More Information."

If you intend to seek redemption of your public shares, you will need to send a letter requesting redemption and deliver your stock (either physically or electronically) to our transfer agent at least two business days prior to the special meeting. If you have questions regarding the redemption or delivery of your stock, please contact:

Continental Stock Transfer & Trust Company
1 State Street Plaza, 30th Floor
New York, New York 10004
Attn: Mark Zimkind
E-mail: mzimkind@continentalstock.com

SPECIAL MEETING OF BARINGTON/HILCO ACQUISITION CORP.
STOCKHOLDERS

General

We are furnishing this proxy statement to our stockholders as part of the solicitation of proxies by our board of directors for use at the special meeting of stockholders to be held on December [___], 2017, and at any adjournment or postponement thereof. This proxy statement is first being furnished to our stockholders on or about December ___, 2017. This proxy statement provides you with information you need to know to be able to vote or instruct your vote to be cast at the special meeting.

The Company reserves the right at any time to cancel the special meeting and not to submit to stockholders or implement the proposals.

Date, Time and Place of Special Meeting

The special meeting will be held at 10:00 a.m. Eastern time, on December [___], 2017, at the offices of Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, or such other date, time and place to which such meeting may be adjourned or postponed, to consider and vote upon the proposals set forth in this proxy statement.

Voting Power Record Date

You will be entitled to vote or direct votes to be cast at the special meeting if you owned shares of our common stock at the close of business on November ___, 2017, which is the record date for the special meeting. You are entitled to one vote for each share of our common stock that you owned as of the close of business on the record date. If your shares are held in "street name" or are in a margin or similar account, you should contact your broker, bank or other nominee to ensure that votes related to the shares you beneficially own are properly counted. On the record date, there were [_____] shares of BHAC common stock outstanding, of which [_____] are public shares, [1,073,267] are shares held by our Sponsors and independent directors and affiliates and 295,000 are private units held by our sponsors and EarlyBirdCapital, Inc. ("EBC").

Quorum and Required Vote for Proposals for the Special Meeting

A quorum of our stockholders is necessary to hold a valid meeting. A quorum will be present at the special meeting if a majority of the common stock outstanding and entitled to vote at the special meeting is represented in person or by proxy. Abstentions will count as present for the purposes of establishing a quorum. Broker non-votes will not be counted for the purpose of determining the existence of a quorum.

The approval of the Charter Amendment requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock. Accordingly, a BHAC stockholder's failure to vote by proxy or to vote in person at the special meeting, an abstention from voting, or a broker non-vote with regard to the Charter Amendment will have the same effect as a vote "AGAINST" the Charter Amendment.

The approval of the Adjournment Proposal requires the affirmative vote of a majority of the votes cast by stockholders present in person or represented by proxy at the special meeting.

Recommendation to BHAC Stockholders

Our board of directors believes that the Charter Amendment to be presented at the special meeting is in the best interests of the Company and our stockholders and unanimously recommends that its stockholders vote "FOR" the proposals. If the Charter Amendment is not approved, our board of directors believes that time to solicit additional votes for approval of the Charter Amendment is in the best interests of the Company and its stockholders and unanimously recommends that stockholders vote "FOR" the Adjournment Proposal.

Broker Non-Votes and Abstentions

Under the rules of various national and regional securities exchanges, your broker, bank or other nominee cannot vote your shares with respect to non-discretionary matters unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker, bank or other nominee. We believe the proposals presented to our stockholders will be considered non-discretionary and therefore your broker, bank or other nominee cannot vote your shares without your instructions. If you do not provide instructions with your proxy, your broker, bank or other nominee may deliver a proxy card expressly indicating that it is NOT voting your shares this indication that a broker, bank or nominee is not voting your shares is referred to as a “broker non-vote.”

Abstentions are considered present for the purposes of establishing a quorum but will have the same effect as a vote “AGAINST” the Charter Amendment. Broker non-votes will have the effect of a vote “AGAINST” the Charter Amendment and have no effect on the Adjournment Proposal.

Voting Your Shares

Each share of our common stock that you own in your name entitles you to one vote on each proposal for the special meeting. Your one or more proxy cards show the number of shares of our common stock that you own.

You can vote your shares in advance of the special meeting by completing, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided. If you hold your shares in “street name” through a broker, bank or other nominee, you will need to follow the instructions provided to you by your broker, bank or other nominee to ensure that your shares are represented and voted at the special meeting. If you vote by proxy card, your “proxy,” whose name is listed on the proxy card, will vote your shares as you instruct on the proxy card. If you sign and return the proxy card but do not give instructions on how to vote your shares, your shares of our common stock will be voted as recommended by our board of directors. Our board of directors recommends voting “FOR” the Charter Amendment and, if presented for a vote, the Adjournment Proposal.

You can attend the special meeting and vote in person even if you have previously voted by submitting a proxy. You will be given a ballot when you arrive. However, if your shares of common stock are held in the name of your broker, bank or other nominee, you must get a proxy from the broker, bank or other nominee. That is the only way we can be sure that the broker, bank or nominee has not already voted your shares of common stock.

Revoking Your Proxy

If you give a proxy, you may revoke it at any time before the special meeting or at such meeting by doing any one of the following:

you may send another proxy card with a later date

you may notify Karen Smith of Advantage Proxy, Inc., our proxy solicitor, by telephone at (206) 870-8565, by email at ksmith@advantageproxy.com or in writing to Advantage Proxy, Inc., P.O. Box 13581, Des Moines, WA 98198 before the special meeting that you have revoked your proxy or

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you may attend the special meeting, revoke your proxy, and vote in person, as indicated above.

No Additional Matters May Be Presented at the Special Meeting

The special meeting has been called only to consider the approval of the Charter Amendment and, if necessary, the Adjournment Proposal. Under our bylaws, other than procedural matters incident to the conduct of the special meeting, no other matters may be considered at the special meeting if they are not included in this proxy statement, which serves as the notice of the special meeting.

Who Can Answer Your Questions About Voting

If you have any questions about how to vote or direct a vote in respect of your shares of our common stock, you may call Advantage Proxy, Inc., our proxy solicitor, at (877) 870-8565 (toll free).

Redemption Rights

Pursuant to our currently existing charter, any holders of our public shares may demand that such shares be redeemed in exchange for a pro rata share of the aggregate amount on deposit in the trust account, less taxes payable, calculated as of two business days prior to the special meeting. If you affirmatively vote for or against the Charter Amendment, your request is properly made and the Charter Amendment is approved, these shares will cease to be outstanding and will represent only the right to receive a pro rata share of the aggregate amount on deposit in the trust account which holds the proceeds of our IPO (calculated as of two business days prior to the special meeting, less taxes payable or amounts released to us for working capital). For illustrative purposes, based on funds in the trust account of approximately \$14.7 million on September 30, 2017, the estimated per share redemption price would have been approximately [\$_____].

In order to exercise your redemption rights, you must:

check the box on the proxy card to elect redemption

affirmatively vote for or against the Charter Amendment

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submit a request in writing prior to 5:00 p.m., Eastern time on December __, 2018 (two business days before the special meeting) that we redeem your public shares for cash to Continental Stock Transfer & Trust Company, our transfer agent, at the following address:

Continental Stock Transfer & Trust Company

One State Street Plaza, 30th Floor

New York, New York 10004

Attn: Mark Zimkind

E-mail: mzimkind@continentalstock.com

and

deliver your public shares either physically or electronically through DTC to our transfer agent at least two business days before the special meeting. Stockholders seeking to exercise their redemption rights and opting to deliver physical certificates should allot sufficient time to obtain physical certificates from the transfer agent and time to effect delivery. It is our understanding that stockholders should generally allot at least two weeks to obtain physical certificates from the transfer agent. However, we do not have any control over this process and it may take longer than two weeks. Stockholders who hold their shares in street name will have to coordinate with their broker, bank or other nominee to have the shares certificated or delivered electronically. If you do not submit a written request and deliver your public shares as described above, your shares will not be redeemed.

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Any demand for redemption, once made, may be withdrawn at any time until the deadline for exercising redemption requests (and submitting shares to the transfer agent) and thereafter, with our consent, until the vote is taken with respect to the Charter Amendment. If you delivered your shares for redemption to our transfer agent and decide within the required timeframe not to exercise your redemption rights, you may request that our transfer agent return the shares (physically or electronically). You may make such request by contacting our transfer agent at the phone number or address listed above.

Prior to exercising redemption rights, stockholders should verify the market price of our common stock, as they may receive higher proceeds from the sale of their common stock in the public market than from exercising their redemption rights if the market price per share is higher than the redemption price. We cannot assure you that you will be able to sell your shares of our common stock in the open market, even if the market price per share is higher than the redemption price stated above, as there may not be sufficient liquidity in our common stock when you wish to sell your shares.

If you exercise your redemption rights, your shares of our common stock will cease to be outstanding immediately prior to the special meeting and will only represent the right to receive a pro rata share of the aggregate amount on deposit in the trust account. You will no longer own those shares and will have no right to participate in, or have any interest in, the future growth of the Company, if any. You will be entitled to receive cash for these shares only if you properly and timely request redemption.

If the Charter Amendment is not approved and we do not consummate an initial business combination by December 31, 2017 (subject to the requirements of law), we will be required to dissolve and liquidate our trust account by returning the then remaining funds in such account to the public stockholders and our warrants to purchase common stock, as well as our rights to receive shares of our common stock upon consummation of an initial business combination, will expire worthless.

Holders of outstanding units must separate the underlying public shares, public rights and public warrants prior to exercising redemption rights with respect to the public shares.

If you hold units registered in your own name, you must deliver the certificate for such units to Continental Stock Transfer & Trust Company with written instructions to separate such units into public shares, public rights and public warrants. This must be completed far enough in advance to permit the mailing of the public share certificates back to you so that you may then exercise your redemption rights with respect to the public shares upon the separation of the public shares from the units.

If a broker, dealer, commercial bank, trust company or other nominee holds your units, you must instruct such nominee to separate your units. Your nominee must send written instructions by facsimile to Continental Stock Transfer & Trust Company. Such written instructions must include the number of units to be split and the nominee holding such units. Your nominee must also initiate electronically, using DTC's deposit withdrawal at custodian (DWAC) system, a withdrawal of the relevant units and a deposit of an equal number of public shares, public rights and public warrants. This must be completed far enough in advance to permit your nominee to exercise your redemption rights with respect to the public shares upon the separation of the public shares from the units. While this is typically done electronically the same business day, you should allow at least one full business day to accomplish the separation. If you fail to cause your public shares to be separated in a timely manner, you will likely not be able to exercise your redemption rights.

THE CHARTER AMENDMENT

The proposed Charter Amendment would amend our existing charter to extend the date by which the Company has to consummate a business combination (the “Extension”) for an additional twenty-six (26) weeks, from December 31, 2017 (the “Current Termination Date”) to June 30, 2018 (the “Extended Termination Date”). The complete text of the proposed amendment is attached to this proxy statement as Annex A. All stockholders are encouraged to read the proposed amendment in its entirety for a more complete description of its terms.

Reasons for the Proposed Charter Amendment

BHAC is proposing to amend its charter to extend the date by which it has to consummate a business combination from December 31, 2017 to the Extended Termination Date.

The Charter Amendment is essential to allowing the Company more time to consummate an initial business combination. We are holding the special meeting in order to provide the Company sufficient time to close an initial business combination. Approval of the Charter Amendment is a condition to the implementation of the Extension.

If the Charter Amendment proposal is not approved and we have not consummated a business combination by December 31, 2017, we will (a) cease all operations except for the purpose of winding up, (b) as promptly as reasonably possible but not more than ten business days thereafter, subject to lawfully available funds therefor, redeem 100% of the public shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the trust account, including interest income (net of taxes payable and any amounts released to us to fund our working capital requirements), divided by the number of then outstanding public shares, which redemption will completely extinguish public stockholders’ rights as stockholders (including the right to receive further liquidation distributions, if any), subject to applicable law, and (c) as promptly as reasonably possible following such redemption, subject to the approval of our remaining stockholders and our board of directors, dissolve and liquidate, subject in each case to our obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. There will be no distribution from the trust account with respect to our rights and warrants which will expire worthless in the event we wind up.

Approval of the amendment to the Restated Certificate of Incorporation requires the affirmative vote of a majority of the shares entitled to vote at the meeting.

Vote Required for Approval

The affirmative vote of holders of a majority of the outstanding shares of our common stock is required to approve the Charter Amendment. Broker non-votes, abstentions or the failure to vote on the Charter Amendment will have the same effect as a vote "AGAINST" the Charter Amendment.

Recommendation of the Board

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE "FOR" THE CHARTER AMENDMENT.

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THE ADJOURNMENT PROPOSAL

The Adjournment Proposal, if adopted, will allow our board of directors to adjourn the special meeting to a later date or dates to permit further solicitation of proxies. The Adjournment Proposal will only be presented to our stockholders in the event, based on the tabulated votes, there are not sufficient votes at the time of the special meeting to approve the other proposals.

Consequences if the Adjournment Proposal is Not Approved

If the Adjournment Proposal is not approved by our stockholders, our board of directors may not be able to adjourn the special meeting to a later date in the event, based on the tabulated votes, there are not sufficient votes at the time of the special meeting to approve the Charter Amendment.

Vote Required for Approval

Adoption of the Adjournment Proposal requires the affirmative vote of a majority of the votes cast in person or by proxy and entitled to vote thereon at the special meeting, assuming that a quorum is present. Broker “non-votes” and abstentions will have no effect with respect to the approval of this proposal.

Recommendation of the Board

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE “FOR” THE APPROVAL OF THE ADJOURNMENT PROPOSAL.

INFORMATION ABOUT BARINGTON/HILCO ACQUISITION CORP.

General

We are a blank check company incorporated in Delaware on July 24, 2014 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. Our sponsors include affiliates of Barington Capital Group, L.P. and Hilco Global. Although our efforts to identify a target business will not be limited to a particular industry or geographic region, we intend to focus on consumer focused businesses located in the United States, an area where our sponsors and our directors have significant investing and operating experience.

In February 2015, we consummated our initial public offering of 4 million units at a price of \$10.00 per unit, with each unit consisting of one share of our common stock, one right to receive one-tenth (1/10) of one share of common stock and one warrant to purchase one-half of one share of our common stock at an exercise price of \$6.75 per one-half of one share (\$12.50 per whole share). The shares of our common stock sold as part of the units in our IPO are referred to in this report as our “public shares.” The units in our IPO were sold at an offering price of \$10.00 per unit, generating total gross proceeds of approximately \$40,000,000. Prior to the consummation of our IPO, in September and October 2014, our Sponsors purchased 1,150,000 shares of common stock, which are referred to herein as “insider shares,” for a purchase price of \$25,000, or approximately \$0.02 per share. Simultaneously with the IPO, the Company’s sponsors and EarlyBirdCapital, Inc. (“EBC”) purchased 295,000 Private Units (285,000 Units by the Company’s sponsors and 10,000 Units by EBC) at a price of \$10.00 per Unit (\$2,950,000 in the aggregate) from the Company in a private placement. The proceeds from the Private Units were added to the net proceeds from the IPO held in the Trust Account. On February 11, 2015, EBC notified the Company of its election to exercise its over-allotment option to the extent of 293,069 Units. The sale of the additional Units closed on February 18, 2015 at \$10.00 per Unit, generating total gross proceeds of \$2,930,690. Following the closing of the over-allotment, an additional \$2,842,769 of net proceeds was placed in the Trust Account, resulting in \$43,642,769 (approximately \$10.17 per Unit) held in trust account. As a result of the underwriters’ determination not to exercise their over-allotment option to purchase additional units, certain of our initial stockholders forfeited an aggregate of 76,733 shares of common stock. The insider shares and the Private Units will be worthless if we do not complete an initial business combination.

On February 10, 2017, the Company held a special meeting of stockholders. At the meeting, the stockholders approved an amendment to the Company’s amended and restated certificate of incorporation to extend the date by which the Company has to consummate a business combination for an additional six months, from February 11, 2017 to August 11, 2017 (the “Initial Charter Amendment”). The number of shares of common stock presented for redemption in connection with the Initial Charter Amendment was 911,200. At the special meeting, the stockholders also approved the election of James A. Mitarotonda, Jared L. Landaw, Jeffrey B. Hecktman, Robert Mettler, Frank R. Mori and Jeffrey D. Nuechterlein as directors, to hold office until the annual meeting of stockholders in 2018, or until their successors are elected and qualified (the “Director Election Proposal”), and the ratification of the Company’s audit

committee's selection of Marcum LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016 (the "Auditor Proposal"). In the proxy statement for the special meeting, the Company's insiders announced that they, or their affiliates, would deposit into the Company's trust account \$0.025 for each public share that is not converted in connection with the stockholder vote to approve the extension, for each 30-day period, or portion thereof, that was needed by the Company to complete its initial business combination from February 11, 2017 until August 11, 2017 (the "Contribution"). Each Contribution would be deposited in the trust account established in connection with BHAC's initial public offering at the beginning of such 30-day period (or portion thereof).

On May 12, 2017, the Company entered into a merger agreement (the "Oomba Merger Agreement") with Oomba, Inc., a specialized social media and software development company. On November 29, 2017, the Company terminated the Merger Agreement because Oomba had breached its obligations under the Merger Agreement by, among other things, failing to provide audited financial statements on or before May 31, 2017.

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On July 31, 2017, the Company held a special meeting of stockholders. At the meeting, the stockholders approved an amendment to the Company's amended and restated certificate of incorporation to extend the date by which the Company has to consummate a business combination for an additional five months, from August 11, 2017 to December 31, 2017 (the "Second Charter Amendment"). The number of shares of common stock presented for redemption in connection with the Second Charter Amendment was 1,966,096. In the proxy statement for the special meeting, the Company's insiders announced that they, or their affiliates, would deposit into the Company's trust account \$0.025 for each public share that is not converted in connection with the stockholder vote to approve the extension, for each 30-day period, or portion thereof, that was needed by the Company to complete its initial business combination from August 11, 2017 until December 31, 2017 (the "Contribution"). Each Contribution would be deposited in the trust account established in connection with BHAC's initial public offering at the beginning of such 30-day period (or portion thereof).

The net proceeds of our initial public offering deposited into the trust account remain on deposit in the trust account earning interest. As of September 30, 2017, there was approximately \$14.7 million held in the trust account and approximately \$20,456 held outside the trust account available for working capital purposes.

Effecting Our Initial Business Combination

We are not presently engaged in, and we will not engage in, any operations until after the completion of our initial business combination. We intend to effect such business combination using cash held in our trust account (after any redemptions), additional funds, if any, otherwise available at closing, and the issuance of shares of our common stock.

BENEFICIAL OWNERSHIP OF SECURITIES

The following table sets forth information known to the Company regarding the actual beneficial ownership of our common stock as of the record date for the special meeting by:

each person who is the beneficial owner of more than 5% of the outstanding shares of our common stock

each of our current executive officers and directors and

all executive officers and directors of the Company as a group.

At any time prior to the special meeting, during a period when they are not then aware of any material nonpublic information regarding the Company or its securities, the initial stockholders and/or their affiliates may enter into a written plan to purchase the Company's securities pursuant to Rule 10b5-1 of the Exchange Act, and may engage in other public market purchases, as well as private purchases, of securities. The ownership percentages listed below do not include any such shares that may be purchased after the record date.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days.

The beneficial ownership of our common stock is based on [_____] shares of common stock issued and outstanding as of the record date.

Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

Name of Beneficial Owners ⁽¹⁾	Number of Shares Beneficially Owned		Approximate Percentage of Outstanding Common Stock	
Karpus Management, Inc.	757,568	(2)	15.9	%
James A. Mitarotonda	632,758	(3)	13.3	%
Barington Companies Advisors, LLC	625,258		13.2	%
River North Capital Management, LLC	622,740	(4)	13.1	%
Jeffrey B. Hecktman ⁽⁵⁾	580,959	(6)	12.2	%
Hilco Global	575,959	(7)	12.1	%
Davidson Kempner Partners	398,000	(8)	8.4	%
Robert Mettler ⁽⁹⁾	47,300			*
Frank R. Mori ⁽¹⁰⁾	47,300			*
Jeffrey D. Nuechterlein ⁽¹¹⁾	47,300			*
Jared L. Landaw	12,845			*
All directors and executive officers as a group (six individuals)	1,368,462		28.8	%

*Less than 1 percent.

(1) Unless otherwise noted, the business address of each of the persons and entities listed above is 888 Seventh Avenue, 6th Floor, New York, NY 10019.

(2) The business address of Karpus Management, Inc. is 183 Sully's Trail, Pittsford, NY 14534.

Includes the shares of Common Stock beneficially owned by Barington Companies Advisors, LLC, an affiliate of (3) Barington Capital Group, L.P., of which James A. Mitarotonda, as Managing Member, has sole voting and investment power.

(4) The business address of River North Management, LLC is 325 N. LaSalle Street, Suite 645, Chicago, IL 60654.

(5) The business address of Karpus Management, Inc. is 183 Sully's Trail, Pittsford, NY 14534.

(7)

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Includes the shares of Common Stock beneficially owned by Hilco Merchant Resources, LLC, an affiliate of Hilco Global, of which Hilco Global has sole voting and investment power.

(8) The business address of Davidson Kempner Capital Management LP is 65 East 55th Street, 19th Floor, New York, NY 10022.

(9) The business address of Mr. Mettler is P.O. Box 1209, Rancho Santa Fe, CA 92067.

(1) The business address of Mr. Mori is 64 Turkey Hill Road South, Westport, CT 06880.

(11) The business address of Mr. Nuechterlein is 204 South Union Street, Alexandria, VA 22314.

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DELIVERY OF DOCUMENTS TO STOCKHOLDERS

Pursuant to the rules of the SEC, we and servicers that we employ to deliver communications to our stockholders are permitted to deliver to two or more stockholders sharing the same address a single copy of this proxy statement. Upon written or oral request, we will deliver a separate copy of this proxy statement to any stockholder at a shared address to which a single copy of this proxy statement was delivered and who wishes to receive separate copies in the future. Stockholders receiving multiple copies of this proxy statement may likewise request that we deliver single copies of our proxy statement in the future. Stockholders may notify us of their requests by calling or writing us at our principal executive offices at 888 Seventh Avenue, 6th Floor, New York, New York 10019.

TRANSFER AGENT AND REGISTRAR

The transfer agent for our securities is Continental Stock Transfer & Trust Company.

SUBMISSION OF STOCKHOLDER PROPOSALS

Our board of directors is aware of no other matter that may be brought before the special meeting or any adjournment or postponement thereof. Under Delaware law, only business that is specified in the notice of special meeting to stockholders may be transacted at the special meeting.

FUTURE STOCKHOLDER PROPOSALS

We anticipate that the 2018 annual meeting of stockholders, or a special meeting in lieu thereof, will be held no later than December 31, 2018. For any proposal to have been considered for inclusion in our proxy statement or form of proxy for submission at our 2018 annual meeting of stockholders, or a special meeting in lieu thereof, it must have been submitted in writing and received by the Company no later than August 31, 2018.

WHERE YOU CAN FIND MORE INFORMATION

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We file reports, proxy statements and other information with the SEC as required by the Exchange Act. You can read BHAC's SEC filings, including this proxy statement, over the Internet at the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at the SEC public reference room located at 100 F Street, N.E., Room 1580 Washington, D.C., 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also obtain copies of the materials described above at prescribed rates by writing to the SEC, Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.

If you would like additional copies of this proxy statement or if you have questions about the subject matter hereof or the proposals to be presented at the special meeting, you should contact BHAC's proxy solicitor at the following address or telephone number:

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Advantage Proxy, Inc.
P.O. Box 13581

Des Moines, WA 98198
Attn: Karen Smith
Email: ksmith@advantageproxy.com
Toll Free Phone: (877) 870-8565
Tel: (206) 870-8565

If you are a stockholder of BHAC and would like to request documents, please do so by December __, 2017, in order to receive them before the special meeting. If you request any documents from us, we will mail them to you by first class mail, or another equally prompt means.

This document is a proxy statement of BHAC for the special meeting. We have not authorized anyone to give any information or make any representation about the subject matter hereof that is different from, or in addition to, that contained in this proxy statement. Therefore, if anyone does give you information of this sort, you should not rely on it. The information contained in this proxy statement speaks only as of the date of this proxy statement, unless the information specifically indicates that another date applies.

ANNEX A

PROPOSED AMENDMENT NO. 3
TO THE
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
BHAC ACQUISITION CORP.
[], 2017

Barington/Hilco Acquisition Corp., a corporation organized and existing under the laws of the State of Delaware (the “Corporation”), DOES HEREBY CERTIFY AS FOLLOWS:

1. The name of the Corporation is “Barington/Hilco Acquisition Corp.” The original certificate of incorporation was filed with the Secretary of State of the State of Delaware on July 24, 2014 (the “Original Certificate”). The Amended and Restated Certificate of Incorporation (the “Amended and Restated Certificate”) was filed with the Secretary of State of the State of Delaware on February 5, 2015. Amendment No. 1 to the Amended and Restated Certificate of Incorporation was filed with the Secretary of the State of Delaware on February 10, 2017. Amendment No. 2 to the Amended and Restated Certificate of Incorporation was filed with the Secretary of State of Delaware on August 11, 2017.

2. This Third Amendment to the Amended and Restated Certificate of Incorporation amends the Amended and Restated Certificate.

3. This Third Amendment to the Second Amended and Restated Certificate of Incorporation was duly adopted by the Board of Directors of the Corporation and the stockholders of the Corporation in accordance with Section 242 of the General Corporation Law of the State of Delaware.

4. The text of Paragraph (E) of Section 6 is hereby amended and restated to read in full as follows:

(E) In the event that the Corporation does not consummate a Business Combination by June 30, 2018 (such date being referred to as the “Termination Date”), the Corporation shall (i) cease all operations except for the purposes of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter redeem 100% of the Public

Shares for cash for redemption price per share as described below (which redemption will completely extinguish such holders' rights as stockholders, including the right to receive further liquidation distributions, if any), and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Corporation's then stockholders and subject to the requirements of the GCL, including the adoption of a resolution by the Board pursuant to Section 275(a) of the GCL finding the dissolution of the Corporation advisable and the provision of such notices as are required by said Section 275(a) of the GCL, dissolve and liquidate the balance of the Corporation's net assets to its remaining stockholders, as part of the Corporation's plan of dissolution and liquidation, subject (in the case of (ii) and (iii) above) to the Corporation's obligations under the GCL to provide for claims of creditors and other requirements of applicable law. In such event, the per-share redemption price shall be equal to a pro rata share of the Trust Account plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Corporation for its working capital requirements or necessary to pay its taxes.

IN WITNESS WHEREOF, Barington/Hilco Acquisition Corp. has caused this Third Amendment to the Amended and Restated Certificate to be duly executed in its name and on its behalf by an authorized officer as of the date first set above.

**BARINGTON/HILCO
ACQUISITION
CORP.**

By:
Name:
Title:

Annex- 2

BARINGTON/HILCO ACQUISITION CORP.
PROXY FOR SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON DECEMBER [___], 2017

The undersigned hereby appoints each of James A. Mitarotonda, Jeffrey Nuechterlein and Jared L. Landaw, acting singly, to attend and to represent the undersigned at the Special Meeting of Stockholders of Barington/Hilco Acquisition Corp., a Delaware corporation (the “Company”), to be held at the offices of Kramer Levin Naftalis & Frankel, 1177 Avenue of the Americas, New York, New York 10036, on Monday, December [___], 2017 at 10:00 a.m., New York time, and any continuation or adjournment thereof, and to vote the number of shares of common stock of the Company the undersigned would be entitled to vote if personally present at the meeting in accordance with the instructions set forth on this proxy card.

THE SHARES OF COMMON STOCK ISSUED OR ALLOCATED TO THE UNDERSIGNED WILL BE VOTED AS DIRECTED BELOW. IN THE ABSENCE OF DIRECTION, THIS PROXY WILL BE VOTED AGAINST PROPOSAL 1 AND HAVE NO IMPACT ON PROPOSAL 2.

PLEASE MARK VOTE IN SQUARE IN THE FOLLOWING MANNER:

Proposal	For	Against	Abstain
Approval of an amendment to the Company’s Amended and Restated Certificate of Incorporation to extend the date by which the Company has to consummate a business combination (the “Extension”) for an additional twenty-six (26) weeks, from December 31, 2017 (the “Current Termination Date”) to June 30, 2018 (the “Extended Termination Date”).			
Approval of an amendment to allow the Company’s board of directors to adjourn the special meeting to a later date or dates to permit further solicitation of proxies. This proposal will only be presented to the Company’s stockholders in the event, based on the tabulated votes, there are not sufficient votes at the time of the special meeting to approve Proposal 1.			

Intention to Exercise Redemption Rights. If you intend to exercise your redemption rights, please check this box. Checking this box, however, is not sufficient to exercise your redemption rights. You must comply with the procedures set forth in the proxy statement under the heading “Special Meeting of Barington/Hilco Acquisition Corp. Stockholders – Redemption Rights.”

Shareholder Certification. I hereby certify that I am not acting in concert, or as a “group” (as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended), with any other stockholder with respect to the shares of common stock of the Company owned by me in connection with the proposals.

The undersigned hereby acknowledges receipt of: (a) the Notice of Special Meeting of Stockholders of the Company dated December __, 2017 and (b) the Proxy Statement of the Company dated December __, 2017.

Date: _____, 2017

Print Name of Stockholder

Signature of Stockholder or Authorized Signatory

Name of Authorized Signatory (if applicable)

Title of Authorized Signatory (if applicable)

WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING IN PERSON, PLEASE COMPLETE, DATE, SIGN AND RETURN THIS PROXY AS PROMPTLY AS POSSIBLE BY EMAIL TO THE PROXY DEPARTMENT OF CONTINENTAL STOCK TRANSFER & TRUST COMPANY, AT PROXY@CONTINENTALSTOCK.COM, WITH A COPY TO FOLLOW BY MAIL AT 1 STATE STREET PLAZA, 30TH FLOOR, NEW YORK, NY 10004. EVEN IF YOU HAVE GIVEN YOUR PROXY, YOU MAY STILL VOTE IF YOU ATTEND THE SPECIAL MEETING IN PERSON.