

TRANSAX INTERNATIONAL LTD
Form 10-K
April 15, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

Mark One

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

For the fiscal year ended December 31, 2010

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

For the transition period from _____ to _____

Commission File No. 0-27845

TRANSAX INTERNATIONAL LIMITED
(Name of small business issuer in its charter)

Colorado
(State or other jurisdiction of incorporation
or organization)

90-0287423
(I.R.S. Employer Identification No.)

1133 S. University Drive, Suite 210
Plantation, Florida 33324
(Address of principal executive offices)

(888) 317-6984
(Issuer's telephone number)

Securities registered pursuant to Section 12(b) of the Act:	Name of each exchange on which registered:
None	Not applicable

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

Common Stock, \$0.00001
(Title of Class)

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

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

Edgar Filing: TRANSAX INTERNATIONAL LTD - Form 10-K

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if smaller reporting company)

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. \$95,802 on June 30, 2010.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 96,078,960 shares of common stock are issued and outstanding as of April 14, 2011.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980). None.

TRANSAX INTERNATIONAL LIMITED
FORM 10-K
TABLE OF CONTENTS

		Page No.
Part I		
Item 1.	Business.	2
Item 1A.	Risk Factors.	8
Item 1B.	Unresolved Staff Comments.	14
Item 2.	Properties.	14
Item 3.	Legal Proceedings.	14
Item 4.	(Removed and Reserved)	15
Part II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.	15
Item 6.	Selected Financial Data.	18
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operation.	18
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk.	25
Item 8.	Financial Statements and Supplementary Data.	25
Item 9.	Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.	26
Item 9A.	Controls and Procedures.	26
Item 9B.	Other Information.	27
Part III		
Item 10.	Directors, Executive Officers and Corporate Governance.	28
Item 11.	Executive Compensation.	30
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.	32
Item 13.	Certain Relationships and Related Transactions, and Director Independence.	33
Item 14.	Principal Accountant Fees and Services.	34
Part IV		
Item 15.	Exhibits, Financial Statement Schedules.	34

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this annual report contain or may contain forward-looking statements that are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous assumptions and other factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, our ability to raise sufficient capital to fund our ongoing operations and satisfy our obligations as they become due, our ability to implement our strategic initiatives, economic, political and market conditions and fluctuations, government and industry regulation, interest rate risk, U.S. and global competition, and other factors. Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements and readers should carefully review this annual report in its entirety, including the risks described in Part I. Item 1A. Risk Factors. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. These forward-looking statements speak only as of the date of this annual report, and you should not rely on these statements without also considering the risks and uncertainties associated with these statements and our business.

OTHER PERTINENT INFORMATION

When used in this annual report, the terms "Transax," "we," "our," and "us" or the "Company" refers to Transax International Limited, a Colorado corporation and its wholly-owned subsidiaries.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Through April 4, 2011, we were 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").

As outlined below, on April 4, 2011, we sold 100% of our interest in our operating subsidiary. Accordingly, as April 4, 2011, we are seeking to exploit certain intellectual property and software license Agreements that we retained for business outside of Brazil or acquire, through a merger or similar transaction, an operating business.

ORGANIZATION

Transax International Limited ("TNSX" or the "Company") was incorporated in the State of Colorado in 1987. The Company currently trades on the OTCQB market under the symbol "TNSX" and the Frankfurt and Berlin Stock Exchanges under the symbol "TX6". Prior to April 4, 2011, the Company, through its subsidiary, Medlink Conectividade em Saude Ltda ("Medlink Conectividade") was an international provider of information network solutions specifically designed for healthcare providers and health insurance companies. The Company's MedLink Solution enables the real time automation of routine patient eligibility, verification, authorizations, claims processing and payment functions.

On March 26, 2008, we executed a stock purchase and option agreement (the "Agreement") with Engetech, Inc., a Turks & Caicos corporation (the "Buyer") controlled and owned 20% by Americo de Castro, director and President of Medlink Conectividade, and 80% by Flavio Gonzalez Duarte or assignees. In accordance with the terms and provisions of the Agreement, we sold to the Buyer 45% of the total issued and outstanding stock of our wholly-owned subsidiary, Transax Limited, which owns one hundred percent of the total issued and outstanding shares of: (i) Medlink Conectividade, and (ii) Medlink Technologies, Inc., ("Medlink") a Mauritius corporation. However, the Buyer defaulted on payments and on November 24, 2010, pursuant to an agreement, the Buyer returned the 45 shares of Transax Limited held in escrow and forfeited its initial deposit of \$937,700 in full and complete satisfaction of any amounts due to us.

On April 4, 2011, pursuant to a Quota Purchase and Sale Agreement amongst Transax Limited, QC Holding I Participacoes S.A., a corporation organized under the laws of Brazil ("QC Holding"), and Medlink Conectividade, we sold 100% of our interest in Medlink Conectividade. As such all related operations have been retroactively presented as discontinued operations for all periods presented and related operating assets and liabilities have been classified as assets from discontinued operations and liabilities from discontinued operations, respectively for all periods presented.

In accordance with the terms and provisions of the Agreement: (i) QC Holding acquired the equity interest of Medlink Conectividade resulting in the sale of our operating subsidiary. As consideration for the purchase and sale of 100% of our interest in Medlink Conectividade, QC paid to us approximately \$298,000; (ii) QC Holding agreed to assume all debt and other contingent liabilities of Medlink Conectividade, which as of December 31, 2010 was approximately \$7,800,000 including \$5,300,000 in past taxes and social security contributions due to the Brazil Government; and (iii) QC contributed to Medlink Conectividade approximately \$1,402,000 which will be used to repay us approximately \$1,402,000 in loans and interest due to our subsidiary, Transax Limited, which owned 100% of Medlink Conectividade. In accordance with the further terms and provisions of the Agreement, we retained our relevant technology assets consisting of software code and the Postilion network processor software to carry on business outside of Brazil.

Our board of directors considered the sale of Medlink Conectividade to be in the best interests of the Company and its shareholders. Factors considered included (i) the high levels of debt in Medlink Conectividade, (ii) its continuing net operating losses and (iii) reports from Brazil counsel to Medlink Conectividade indicating that immediate tax and social security payments were due to the Brazilian Government of over \$1,000,000.

Subsequent to April 4, 2011, we will have no revenues and limited operations consisting of financial reporting, administration and seeking new business opportunities or a merger candidate and further development of the Company's remaining Intellectual Property especially its HIPAA product developed for the USA market and license agreements

SUBSIDIARIES

Transax Limited

Transax Limited was incorporated under the laws of Colorado on December 13, 2001 and is a holding company that currently owns 100% of Medlink Technologies, Inc..

Medlink Technologies, Inc.

Medlink Technologies, Inc. was incorporated under the laws of Mauritius on January 17, 2003, and is our 100%-owned subsidiary. Medlink is a holding company that owns the intellectual property developed by us and a number of third party software licenses.

Medlink Conectividade Em Saude Ltda.

Medlink Conectividade was incorporated under the laws of Brazil on May 2, 1998. Medlink Conectividade assists us in providing information network solutions, products and services within Brazil. Through Medlink Conectividade, we provide Health Information Management Products within Brazil. We generated all of our revenues through Medlink Conectividade for the years ended December 31, 2010 and 2009. We sold 100% of our interest in Medlink Conectividade on April 4, 2011.

GENERAL

As of the date of this Annual Report we are an international provider of Health Information Management Products, 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 innovative health information management systems to assist in the coding, compliance, abstracting and recording of management's processes.

Currently, we are 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 recording and processing of healthcare data transactions. 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 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 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.
- 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 reports used for benchmarking, outcomes and performance improvement, marketing and planning.
- provide healthcare organizations the flexibility to customize abstracting workflow to meet data collection reporting and analysis needs.
- provide the organization with the ability to customize workflow by creating fields and rules and designing screen navigation.
- 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.
- 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.

MEDLINK SOLUTION/MEDLINK WEB SOLUTION

We have developed a proprietary software named the "MedLink Solution", which was specifically designed and developed for the healthcare and health insurance industries enabling the real time automation of routine patient eligibility, verifications, authorizations, claims processing and payment functions that are currently performed manually. A transaction fee is charged to the insurer for use of the MedLink Solution. The MedLink Solution hosts its own network processing system, whereby we are able to provide an insurer with the ability to cost effectively process all of the transactions generated regardless of location or method of generation.

An initial version of MedLink Solution that is Health Insurance Portability and Accountability Act ("HIPAA") compliant for the USA market was previously developed in-house by our professional staff using the Microsoft.NET platform (the "MedLink Web Solution"). Our MedLink Web Solution offers all functionalities already available in our other capture solutions, but in an Internet-based application that can be accessed by providers through a standard Internet browser. The MedLink Web Solution allows providers to capture medical and dental exams, procedures, therapies, visits, laboratory tests and doctor referrals without complicated software conversion, utilizing an existing Internet connection. MedLink Web Solution contains a number of important security procedures following international standards, utilizing an intrusion detection system and SSL security to encrypt transactions. Additional security features are available at the application level to individual users.

We believe that the MedLink Solution and the MedLink Web Solution solves technological and communication problems within the healthcare systems by creating a virtual "paperless office" for the insurer and total connectivity, regardless of method, for the health provider. The MedLink Solution replaces manual medical claims systems and provides insurance companies and healthcare providers significant savings through a substantial reduction in operational costs. The MedLink Solution allows users to collect, authorize and process transaction information in real-time for applications including, but not limited to, patient and provider eligibility verification, procedure authorization and claims and debit processing. Participants of the MedLink Solution include private health insurance companies, group medical companies, and healthcare providers.

MEDLINK SOLUTION ARCHITECTURE AND DESIGN

We believe that the MedLink Solution is the total connectivity system that allows hospitals, clinics, medical specialists and other healthcare providers to easily capture, route, and authorize medical, hospital, and dental claims in "real time". The MedLink Solution addresses pre-existing technological and communication problems by creating a universal virtual link between the insurer and the care provider.

The MedLink Solution's architecture and design is as follows: (i) seven capture methods; (ii) a network processor; and (iii) an authorizer.

CAPTURE METHODS. The MedLink Solution is tailored to the specific care provider's environment and needs usage based upon its technological resources, physical installation and volume of claims. The MedLink Solution offers seven different methods to capture data. The health care provider can select which of these seven methods best suit its operational needs and technological abilities. Regardless of the capture method chosen, transactions are seamless and efficient. The MedLink Solution's capture methods are:

- o MedLink Solution POS Terminal;
- o MedLink Solution PC Windows;
- o MedLink Solution PC Net;
- o MedLink Solution Server Labs;
- o MedLink Solution Web.

NETWORK PROCESSOR. The MedLink Solution network processor routes the transactions captured by the MedLink Solution (the "Network Processor") to the authorization system of the healthcare plan (the "Authorization System"). The Network Processor offers uninterrupted twenty-four (24) hour, seven days a week operation and service.

AUTHORIZATION SYSTEM. The Authorization System's software is composed of a control module and a group of storage procedures that validate the specific rules of the health plan or insurer. It is responsible for: (i) receiving and decoding the messages sent by the Network Processor, containing the solicitations of the MedLink Solution installed at the provider; (ii) identification of the kind of the message (claim, refund, settlement, etc) and of the service provider; (iii) validation or denial of the transaction; (iv) updating the historical database of the claims; and (v) replying to the request by sending a message to the Network Processor.

PRODUCT TARGET MARKET STRATEGY

Market Strategy

Our key marketing strategy has been to position ourselves as a market leader in providing total information management network processing solutions for the healthcare industry worldwide. We believe that our Health Information Management Products encompass a variety of solutions for healthcare provider locations, a complete network processing service for the health insurance companies, and in-house software and systems development to address specific and unique customer requirements, and the ability to operate the systems through a variety of communication methods.

The promotional and marketing strategy is based on creating a proactive "push pull" effect on the demand for the Health Information Management Products and services within the healthcare industry. We have been focusing on the promotion and marketing of our products to the Brazilian healthcare providers and insurance companies by demonstrating: (i) the benefits of the MedLink Solution application and services; (ii) real-time cash visibility; (iii) nominal to no capital investment; (iv) the established Network Processor facility; (v) custom software development support; and (vi) option of immediate payment of outstanding claims.

We believe that this commonly used marketing and promotional model will be suitable and used for market penetration. In addition we attend a number of conferences and trade shows in Brazil on an annual basis to "show case" our products. International marketing and promotional strategies will be developed and adapted on a country-to-country basis to meet different market environments and governmental requirements, build business and political relationships, and obtain domestic media exposure and high visibility within the local healthcare industry to establish credibility.

Product Target Market

We have identified two initial target markets for our products. They are: (i) healthcare providers, such as physicians, clinics, hospitals, laboratories, diagnosis centers, emergency centers, etc.; and (ii) health insurance and group medicine companies.

We believe that there is a significant global market opportunity for our Healthcare Information Management Products and services and software technology.

STRATEGIC ALLIANCES

We have developed key strategic alliances with the following technology providers to support the MedLink Solution's unique system architecture and design.

S1 Corporation - Network Processor System

On November 25, 2002, we entered into a supplier agreement with S1 Corporation of Atlanta Georgia, formerly Mosaic Software, Inc. ("S1"), to develop the Network Processor software package, known as the "Postilion", for use in the MedLink Solution. We believe that S1 is the supplier of the most modern technology for network control software, based on a low cost hardware platform (PC's) and Windows NT software. Management believes the Position software is the most cost effective solution for this kind of system. We own the current license and undertake optional maintenance payments to S1 on a quarterly basis to receive software updates and access to support.

RESEARCH AND DEVELOPMENT

Currently we have an alliance with a US based Health Care Software Consulting company who have been involved in developing our product for the USA market.

COMPETITION

The information network solutions market for healthcare providers and health insurance companies is characterized by rapidly evolving technology and intense competition. Many companies of all sizes, including a number of large technology companies, such as IBM, Siemens, and EDS, as well as several specialized healthcare information management companies, are developing similar products and services. There may be products on the market that do or will compete directly with the products and services that we have developed and are seeking to develop. These companies may also compete with us in recruiting qualified personnel. Many of our potential competitors have substantially greater financial, research and development, human and other resources than we do.

Furthermore, larger companies may have significantly more experience than we do in developing such products and services. Such competitors may: (i) develop more efficient and effective products and services; (ii) obtain patent protection or intellectual property rights that may limit our ability to commercialize our products or services; or (iii) commercialize products and services earlier than we do.

We expect technology developments in the healthcare information management and technology industry to continue to occur at a rapid pace. Commercial developments by any competitors may render some or all of our potential products or services obsolete or non-competitive, which could materially harm our business and financial condition.

We believe, however, that our Health Management Information Products and related services and solutions for the healthcare providers and health insurance companies represent a unique approach and has certain competitive advantages as follows:

- i) the MedLink Solution significantly reduces medical administrative procedures and costs through connecting in real time, individual healthcare provider locations to health insurance companies;
- ii) irrespective of the choice of connectivity or the method of transmission, MedLink provides a secure and reliable service where healthcare providers can automatically verify patient eligibility, receive authorization for the performance of approved medical procedures and process a paperless claim electronically with each insurance provider it interacts with, provided they are subscribed to the network;
- iii) once connected to the network, MedLink Solution provides numerous benefits to doctors and private health insurance companies including the automation of their paper-based clerical duties; and
- iv) by using MedLink Solution, many of these cumbersome tasks can be processed electronically in seconds, virtually eliminating processing costs, paperwork, and the high risks associated with fraud.

GOVERNMENT REGULATION

As of the date of this Annual Report, none of our software products or services are regulated by the U.S. Department of Health. However, there is substantial state and federal regulation of the confidentiality of patient medical records and the circumstances under which such records may be used, disclosed to or processed by us as a consequence of our contacts with various healthcare providers and health insurance companies. Although compliance with these laws and regulations is presently the principal responsibility of covered entities, including hospitals, physicians or other healthcare providers, regulations governing patient confidentiality rights are rapidly evolving.

Additional federal and state legislation governing the dissemination of medical record information may be adopted which could have a material effect on our business. Those laws, including HIPAA and ICD 10 implementation, may significantly affect our future business and materially impact our product and service development, revenue and working capital. During the past several years, the healthcare industry also has been subject to increasing levels of governmental regulation of, among other things, reimbursement rates and certain capital expenditures. We are unable to predict what, if any, changes will occur as a result of such regulation.

INTELLECTUAL PROPERTY, PATENTS AND TRADEMARKS

Patents and other proprietary rights are vital to our business operations. Our policy is to seek appropriate copyright and patent protection both in the United States and abroad for our proprietary technologies and products. We have acquired the license to certain intellectual property as follows:

- (i) Source code for all of the MedLink Solutions, source nodes and Network processor source code.

Through intellectual property attorneys in the United States, we have been advised not to apply for copyright protection for our products but possibly to seek a process patent at a future date.

EMPLOYEES

As of April 15, 2011, our only employees are part time and are our officers, Mr. Stephen Walters and Mr. Adam Wasserman. We do not anticipate hiring additional employees until our operations resume and expand to such a degree that necessitates hiring auxiliary staff. None of our employees is represented by a labor union and we consider our relationships with our employees to be good.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below together with all of the other information included in this report before making an investment decision with regard to our securities. The statements contained in or incorporated into this annual report that are not historic facts are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by forward-looking statements. If any of the following risks actually occurs, our business, financial condition or results of operations could be harmed. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We have been the subject of a going concern opinion from our independent registered public accounting firm, which means that we may not be able to continue operations unless we obtain additional funding for our current and future working capital needs.

Our financial statements have been subject to a "going concern" opinion by our independent registered public accounting firm for fiscal years ended December 31, 2010 and 2009. Management believes that we will need additional working capital to be implement a business plan, exploit certain intellectual property and to maintain ongoing financial reporting as a public company and for administration of our operation 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 may result in the need to discontinue business operations and you could lose your entire investment. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management anticipates that we will incur net losses for the immediate future, and expects our operating expenses to decrease. We will need to generate new business and revenues if we are to continue as a going concern, or obtain financing. To the extent that we do not generate sufficient revenues or obtain funding, that our stock price does not increase, or we are unable to adjust operating expense levels accordingly, we may not have the ability to continue on as a going concern.

We will require additional fund and future access to capital is uncertain and we may have to delay, reduce or eliminate our business operations.

It is expensive to develop and commercialize Health Information Management Products. We do not have capital to conduct research and development, which is costly. Our product development efforts may not lead to new commercial products, either because our products fail to be found effective or because we lack the necessary financial or other resources or relationships to pursue commercialization. Our capital and future revenues may not be sufficient to support the expenses of our business operations and the development of commercial infrastructure. We may need to raise additional capital to: (i) fund operations; (ii) conduct research and development of Health Information Management Products; and (iii) commercialize our products.

The inability to protect our intellectual property could lead to unauthorized use of our products.

We rely on a combination of trade secrets, copyright and trademark laws, nondisclosure, non-compete and other contractual provisions to protect our proprietary rights. Measures taken by us to protect our intellectual property may not be adequate, and any competitors could independently develop products and services that are substantially equivalent or superior to our products and services. Any infringement or misappropriation of our proprietary software could put us at a competitive disadvantage in a highly competitive market and could cause us to 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 us may increase over time as the number of competitors in the industry segment grows and the functionality of products overlaps. Third parties could assess infringement claims against us in the future. Regardless of the merits, we 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. We may not be successful in the defense of these or similar claims.

Failure to retain key personnel could impede our ability to commercialize our products, maintain the license agreement or obtain sources of funds.

We depend to a significant extent on the efforts of Mr. Stephen Walters, our President, Chief Executive Officer and director. 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 our research and development personnel, including our executive officers, and their success in performing their responsibilities, may directly influence our success. 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 our inability to retain or recruit other key management and research and development personnel may delay or prevent us from achieving our business objectives. We face intense competition for personnel from other companies, public and private research institutions, government entities and other organizations. In addition, we do not maintain any key man life insurance policies on Mr. Walters.

If we fail to maintain the adequacy of our internal controls, our ability to provide accurate financial statements and comply with the requirements of the Sarbanes-Oxley Act of 2002 could be impaired, which could cause our stock price to decrease substantially.

We have committed limited personnel and resources to the development of the external reporting and compliance obligations that would be required of a public company. We will need to continue to improve our financial and managerial controls, reporting systems and procedures, and documentation thereof. If our financial and managerial controls, reporting systems or procedures fail, we may not be able to provide accurate financial statements on a timely basis or comply with the Sarbanes-Oxley Act of 2002 as it applies to us. Any failure of our internal controls or our ability to provide accurate financial statements could cause the trading price of our common stock to decrease substantially.

RISKS RELATED TO OUR COMMON STOCK

Market volatility may affect our stock price and the value of a shareholder's investment in our common stock may be subject to sudden decreases.

The trading price for our shares of common stock has been, and we expect it to continue to be, volatile. The price at which our common stock trades depends on a number of factors, including the following, many of which are beyond our control:

- (i) historical and anticipated operating results, including fluctuations in financial and operating results;
- (ii) general market and economic conditions;
- (iii) changes in government regulations affecting product approvals, reimbursement or other aspects of our and/or competitors' businesses;
- (iv) announcements of technological innovations or new commercial products by us or our competitors;
- (v) developments concerning our contractual relations with our executive officers, executive management and intellectual property rights; and
- (vi) announcements regarding significant collaborations or strategic alliances.
- (vii) the implementation of our business plan.

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 our 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, our common stock may be subject to greater price volatility than the stock market as a whole. See "Item

5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities."

10

Future sales by our stockholders may adversely affect our stock price and our ability to raise funds in new stock offerings along with increasing our number of common shares authorized.

Sales of our common stock in the public market 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 96,078,960 shares of common stock outstanding as of the date of this Annual Report, 48,695,175 shares are freely tradable without restriction. The remaining 47,383,785 shares of common stock 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, as of December 31, 2010, if exercised or converted, we may issue up to 5,000,000 shares of common stock underlying the warrants, up to 1,025,000 shares underlying stock options, over one billion shares underlying our Series A Preferred stock, and up to 1,400,000 shares of common stock upon conversion of related party debt. Currently, we only have 100,000,000 common shares authorized and we may be required to increase the number of common shares authorized by the Company or otherwise modify our capital structure.

There are a large number of shares underlying our Series A Preferred Stock that may be available for future sale and the sale of these shares may depress the market price of our common stock.

As of the date of this Annual Report, we have 96,078,960 shares of common stock issued and outstanding and 14,190 shares of our Series A Preferred stock issued and outstanding. In addition, the number of shares of common stock issuable upon conversion of the outstanding Series A Preferred stock 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. Currently, we have 100,000,000 common shares authorized and 96,078,960 shares issued and outstanding as of the date of this Annual Report. Accordingly, we do not have sufficient authorized common shares to convert the Series A preferred stock. We may need to seek shareholder approval to increase our authorized shares or to seek to effectuate a reverse split. The sale of these shares may adversely affect the market price of our common stock.

The continuously adjustable conversion price feature of our Series A Preferred Stock could require us to issue a substantially greater number of shares, which will cause dilution to our existing shareholders.

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

The continuously adjustable conversion price feature of our Series A Preferred Stock may encourage investors to make short sales in our common stock, which could reduce the price of our common stock.

The shares of Series A Preferred Stock 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 our 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 sell 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.

11

The holder of the Series A Preferred Stock has the option of converting the principal outstanding into shares of our common stock. If the holder converts additional shares of Series A Preferred Stock, there will be dilution of your shares of our common stock. We do not have enough authorized shares to convert all of the outstanding Series A Preferred Stock.

The conversion of the Series A Preferred Stock will result in dilution to the interests of other holders of our common stock since the holders may ultimately convert the full amount of the Series A Preferred Stock and sell all of these shares into the public market. Additionally, we do not have enough authorized shares to convert all of the outstanding Series A Preferred Stock. Currently, we have 100,000,000 common shares authorized and 96,078,960 shares issued and outstanding as of the date of this Annual Report. We may need to seek shareholder approval to increase our authorized shares or to seek to effectuate a reverse split.

The following table sets forth the number and percentage of shares of our common stock that would be issuable if the holders of the shares of Series A Preferred Stock converted at conversion prices of \$0.05, \$0.03, \$0.01 and \$0.005 (the conversion price shall be equal to the lesser of (i) \$0.192 or (ii) eighty percent (80%) of the lowest daily volume weighted average price ("VWAP") of the common stock during the ten (10) Trading Days immediately preceding the date of conversion):

CONVERSION PRICE	NUMBER OF SHARES	
	ISSUABLE ON CONVERSION(1)	PERCENTAGE OF ISSUED AND OUTSTANDING (2)
\$ 0.05	28,380,000	22.80 %
\$ 0.03	47,300,000	32.99 %
\$ 0.01	141,900,000	59.63 %
\$ 0.005	283,800,000	74.71 %
\$ 0.001	1,419,000,000	93.66 %

(1) Represents the number of shares issuable if 14,190 shares of Series A Preferred Stock were converted at the corresponding conversion price.

(2) Represents the percentage of the total outstanding common stock that the shares issuable on conversion of the shares of Series A Preferred Stock without regard to any contractual or other restriction on the number of securities the stockholder may own at any point in time and based on 96,078,960 shares issued and outstanding as of the date of this Annual Report.

Our common stock is subject to the "penny stock" rules of the Securities and Exchange Commission 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 Securities and Exchange Commission 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: (i) that a broker or dealer approve a person's account for transactions in penny stocks; and (ii) 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: (i) obtain financial information and investment experience objectives of the person; and (ii) 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: (i) sets forth the basis on which the broker or dealer made the suitability determination; and (ii) 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.

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.

We may not be able to meet the internal control reporting requirements imposed by the SEC resulting in a possible decline in the price of our ordinary shares and our inability to obtain future financing.

As directed by Section 404 of the Sarbanes-Oxley Act, the SEC adopted rules requiring each public company to include a report of management on the company's internal controls over financial reporting in its annual reports. Although the Dodd-Frank Wall Street Reform and Consumer Protection Act exempts companies with a public float of less than \$75 million from the requirement that our independent registered public accounting firm attest to our financial controls, this exemption does not affect the requirement that we include a report of management on our internal control over financial reporting and does not affect the requirement to include the independent registered public accounting firm's attestation if our public float exceeds \$75 million.

While we need to expend significant resources in developing the necessary documentation and testing procedures required by Section 404 of the Sarbanes-Oxley Act, there is a risk that we may not be able to comply timely with all of the requirements imposed by this rule. Regardless of whether we are required to receive a positive attestation from our independent registered public accounting firm with respect to our internal controls, if we are unable to do so, investors and others may lose confidence in the reliability of our financial statements and our stock price and ability to obtain equity or debt financing as needed could suffer.

In addition, in the event that our independent registered public accounting firm is unable to rely on our internal controls in connection with its audit of our financial statements, and in the further event that it is unable to devise alternative procedures in order to satisfy itself as to the material accuracy of our financial statements and related disclosures, it is possible that we would be unable to file our Annual Report on Form 10-K with the SEC, which could also adversely affect the market for and the market price of our ordinary shares and our ability to secure additional financing as needed.

The trading price of our common stock on the Over the Counter Pink Sheet Market has been and may continue to fluctuate significantly and stockholders may have difficulty reselling their shares.

During 2010, our common stock has traded as low as \$0.0012 and as high as \$0.008. In addition to volatility associated with Bulletin Board and Pink Sheet securities in general, the value of your investment could decline due to the impact of any of the following factors upon the market price of our common stock: (i) changes in the world wide price for oil or natural gas; (ii) our inability to implement a business plan; (iii) failure to meet our revenue or profit goals or operating budget; (iv) decline in demand for our common stock; (v) downward revisions in securities analysts' estimates or changes in general market conditions; (vi) lack of funding generated for operations; (viii) investor

perception of our industry or our prospects; and (vii) general economic trends.

In addition, stock markets have experienced price and volume fluctuations and the market prices of securities have been highly volatile. These fluctuations are often unrelated to operating performance and may adversely affect the market price of our common stock. As a result, investors may be unable to sell their shares at a fair price and you may lose all or part of your investment.

A majority of our directors and officers are outside the United States. Therefore, it may be difficult for investors within the United States to enforce any judgments obtained against us or any of our directors or officers.

A majority of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to effect service of process on our directors or officers, or enforce within the United States any judgments obtained against us or our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. Consequently, you may be effectively prevented from pursuing remedies under U.S. federal securities laws against them. In addition, investors may not be able to commence an action in a foreign court predicated upon the civil liability provisions of the securities laws of the United States. The foregoing risks also apply to those experts identified in this prospectus that are not residents of the United States.

Colorado law and our articles of incorporation may protect our directors from certain types of lawsuits.

Colorado law provides that our officers and directors will not be liable to us or our stockholders for monetary damages for all but certain types of conduct as officers and directors. Our Bylaws permit us broad indemnification powers to all persons against all damages incurred in connection with our business to the fullest extent provided or allowed by law. The exculpation provisions may have the effect of preventing stockholders from recovering damages against our officers and directors caused by their negligence, poor judgment or other circumstances. The indemnification provisions may require us to use our limited assets to defend our officers and directors against claims, including claims arising out of their negligence, poor judgment, or other circumstances.

We do not anticipate paying any cash dividends.

We presently do not anticipate that we will pay any dividends on any of our capital stock in the foreseeable future. The payment of dividends, if any, would be contingent upon our revenues and earnings, if any, capital requirements, and general financial condition. The payment of any dividends is within the discretion of our Board of Directors. We presently intend to retain all earnings, if any, to implement our business plan; accordingly, we do not anticipate the declaration of any dividends in the foreseeable future.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. DESCRIPTION OF PROPERTIES

We do not own or lease any real estate or other properties.

ITEM 3. LEGAL PROCEEDINGS

Our Brazilian subsidiary, Medlink Conectividade, is involved litigation pertaining to a previous provider of consultancy services regarding "breach of contract" and two labor law suits involving employees for "unfair dismissal" claims. At December 31, 2010, we have accrued approximately \$272,000 related to these lawsuits. The outcome of these claims is uncertain at this time.

As of April 10, 2011, other than certain litigation of our recently sold subsidiary, Medlink Conectividade, pertaining to a previous provider of consultancy services regarding “breach of contract” and two labor law suits involving employees for “unfair dismissal” claims, we are not aware of any legal proceedings contemplated by any governmental authority or other party involving us or our subsidiaries or our intellectual properties. None of our directors, officers or affiliates is: (i) a party adverse to us in any legal proceedings; or (ii) has an adverse interest to us in any legal proceedings. We are not aware of any other legal proceedings pending or that have been threatened against us, our subsidiaries or our properties.

ITEM 4. (REMOVED AND RESERVED)

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market For Common Equity

Through December 3, 2009, shares of our common stock are traded on the Over-the-Counter Bulletin Board under the symbol "TNSX.OB". On November 24, 2009, we received notice from the Financial Industry Regulatory Authority (“FINRA”) that our common stock would be removed from trading on the OTCBB effective December 3, 2009. We were informed that pursuant to FINRA Rule 6350(e) we had been delinquent in our reporting obligations for a third time in twenty four months, and therefore would be removed from the OTCBB at the open of trade on December 3, 2009. Effective December 3, 2009, our common stock has been traded on the Over the Counter Pink Sheet Market. The market for our common stock is limited, and can be volatile. The following table sets forth, for the periods indicated, the reported high and low closing bid quotations for our common stock by calendar quarters during 2009 and 2010 and the first quarter of 2011 as quoted on NASDAQ.com. These quotations reflect inter-dealer prices without retail mark-up, mark-down, or commissions, and may not reflect actual transactions.

	2009		2010		2011	
	Low	High	Low	High	Low	High
First quarter	\$ 0.0005	\$ 0.002	\$ 0.0012	\$ 0.007	\$ 0.0016	\$ 0.0029
Second quarter	0.0005	0.0033	0.0013	0.008		
Third quarter	0.0012	0.0070	0.0018	0.0028		
Fourth quarter	0.0013	0.0069	0.0014	0.0033		

On April 8, 2011, the last sale price of our common stock as reported on the NASDAQ.com was \$0.002.

Shareholders

As of the date of this Annual Report, we have approximately 178 shareholders of record, which does not include shareholders whose shares are held in street or nominee names. We believe that there are approximately 800 beneficial owners of our common stock.

Transfer Agent

The transfer agent for the common stock is Transfer Online, Inc.. The transfer agent’s address is 512 SE Salmon Street, Portland, OR 07214, and its telephone number is (503) 227-2950.

Dividend Policy

No dividends have ever been declared by the Board of Directors on our common stock. Our losses do not currently indicate the ability to pay any cash dividends, and we do not indicate the intention of paying cash dividends either on our common stock in the foreseeable future. There are no restrictions in our articles of incorporation or by-laws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend, we would not be able to pay our debts as they become due in the usual course of business or our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of stockholders who have preferential rights superior to those receiving the distribution.

Securities Authorized For Issuance Under Compensation Plans

We have one equity compensation plan, the Transax International Limited Stock Option Plan (the "Stock Option Plan"). The table set forth below presents the securities authorized for issuance with respect to the Stock Option Plan under which equity securities are authorized for issuance as of December 31, 2010:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Plans approved by shareholders:			
2004 Incentive Stock Option Plan	1,025,000	\$ 0.10	2,851,120
Plans not approved by shareholders			
Warrants	5,000,000	\$ 0.25	n/a

Stock Option Plan

On July 22, 2003, our Board of Directors unanimously approved and adopted a stock option plan, and during fiscal year 2004, our Board of Directors unanimously approved and adopted a 2004 incentive stock option plan (collectively, the "Stock Option Plan"). The purpose of the Stock Option Plan is to advance our interests and those of our shareholders by affording our key personnel an opportunity for investment and the incentive advantages inherent in stock ownership. Pursuant to the provisions of the Stock Option Plan, stock options (the "Stock Options") will be granted only to our key personnel, generally defined as a person designated by our Board of Directors upon whose judgment, initiative and efforts we may rely including any of our directors, officers, employees or consultants. The Stock Option Plan provides authorization to our Board of Directors to grant Stock Options to purchase a total number of shares of our common stock not to exceed 4,500,000 shares and, in accordance with the provisions of the 2004 incentive stock option plan, an additional 2,500,000 shares for an aggregate of 7,000,000 shares.

The Stock Option Plan is to be administered by our Board of Directors, which shall determine (i) the persons to be granted Stock Options under the Stock Option Plan; (ii) the number of shares subject to each option, the exercise price of each Stock Option; and (iii) whether the Stock Option shall be exercisable at any time during the option period of

ten (10) years or whether the Stock Option shall be exercisable in installments or by vesting only. At the time a Stock Option is granted under the Stock Option Plan, our Board of Directors shall fix and determine the exercise price at which shares of our common stock may be acquired; provided, however, that any such exercise price shall not be less than that permitted under the rules and policies of any stock exchange or over-the-counter market which are applicable.

In the event an optionee who is one of our directors or officers ceases to serve in that position, any Stock Option held by such optionee generally may be exercisable within up to ninety (90) calendar days after the effective date that his position ceases, and after such 90-day period any unexercised Stock Option shall expire. In the event an optionee who is one of our employees or consultants ceases to be employed by us, any Stock Option held by such optionee generally may be exercisable within up to sixty (60) calendar days (or up to thirty (30) calendar days where the optionee provided only investor relations services to us) after the effective date that his employment ceases, and after such 60- or 30-day period any unexercised Stock Option shall expire.

No Stock Options granted under the Stock Option Plan will be transferable by the optionee, and each Stock Option will be exercisable during the lifetime of the optionee subject to the option period of ten (10) years or limitations described above. Any Stock Option held by an optionee at the time of his death may be exercised by his estate within one (1) year of his death or such longer period as our Board of Directors may determine.

Unless restricted by the option agreement, the exercise price shall be paid by any of the following methods or any combination of the following methods: (i) in cash; (ii) by cashier's check, certified check, or other acceptable banker's note payable to us; (iii) by net exercise notice whereby the option holder will authorize the return to the Stock Option Plan pool, and deduction from the option holder's Stock Option, of sufficient Stock Option shares whose net value (fair value less option exercise price) is sufficient to pay the option price of the shares exercise (the fair value of the shares of the Stock Option to be returned to the pool as payment will be determined by the closing price of our shares of common stock on the date notice is delivered); (iv) by delivery to us of a properly executed notice of exercise together with irrevocable instructions (referred to in the industry as 'delivery against payment') to a broker to deliver to us promptly the amount of the proceeds of the sale of all or a portion of the stock or of a loan from the broker to the option holder necessary to pay the exercise price; or (v) such other method as the option holder and our Board of Directors may determine as adequate including delivery of acceptable securities (including our securities), set-off for wages or invoices due, property, or other adequate value. In the discretion of our Board of Director, we may grant a loan or guarantee a third-party loan obtained by an option holder to pay part of all of the exercise option price of the shares provided that such loan or our guaranty is secured by the shares of common stock.

Incentive Stock Options

The Stock Option Plan further provides that, subject to the provisions of the Stock Option Plan and prior shareholder approval, our Board of Directors may grant to any one of our key personnel who is an employee eligible to receive options one or more incentive stock options to purchase the number of shares of common stock allotted by our Board of Directors (the "Incentive Stock Options").

The option price per share of common stock deliverable upon the exercise of an Incentive Stock Option shall be no less than fair market value of a share of common stock on the date of grant of the Incentive Stock Option. In accordance with the terms of the Stock Option Plan, "fair market value" of the Incentive Stock Option as of any date shall not be less than the closing price for the shares common stock on the last trading day preceding the date of grant.

The option term of each Incentive Stock Option shall be determined by our Board of Directors, which shall not commence sooner than from the date of grant and shall terminate no later than ten (10) years from the date of grant of the Incentive Stock Option, subject to possible early termination as described above.

Stock Options Granted and Exercised

As of the date of this Annual Report, there are an aggregate of 1,025,000 Stock Options granted and outstanding.

Common Stock Purchase Warrants

As of the date of this Annual Report, there are an aggregate of 5,000,000 common stock purchase warrants issued and outstanding.

Recent Sales of Unregistered Securities

During 2010, the Company issued 8,676,871 shares of its common stock upon conversion of 220 shares of Series A preferred stock.

The shares were issued pursuant to an exemption from registration under Section 4(2) of the 1933 Securities Act.

ITEM 6. SELECTED FINANCIAL DATA

As a smaller reporting company, we are not required to provide the information called for by Item 6 of Form 10-K.

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

The summarized consolidated financial data set forth in the tables below and discussed in this section should be read in conjunction with our consolidated financial statements and related notes for fiscal years ended December 31, 2010 and 2009, which financial statements are included elsewhere in this Annual Report.

OVERVIEW

On April 4, 2011, pursuant to a Quota Purchase and Sale Agreement amongst Transax Limited, QC Holding I Participacoes S.A., a corporation organized under the laws of Brazil ("QC Holding"), and Medlink Conectividade, we sold 100% of our interest in Medlink Conectividade. As such all related operations have been retroactively presented as discontinued operations for all periods presented and related operating assets and liabilities have been classified as assets from discontinued operations and liabilities from discontinued operations, respectively for all periods presented.

In accordance with the terms and provisions of the Agreement: (i) QC Holding acquired the equity interest of Medlink Conectividade resulting in the sale of our operating subsidiary. As consideration for the purchase and sale of 100% of our interest in Medlink Conectividade, in April 2011, QC paid to us approximately \$298,000; (ii) QC Holding agreed to assume all debt and other contingent liabilities of Medlink Conectividade, which as of December 31, 2010 was approximately \$7,800,000 including \$5,300,000 in past taxes and social security contributions due to the Brazil Government; and (iii) QC contributed to Medlink Conectividade approximately \$1,402,000 which was used to pay us approximately \$1,402,000 in loans and interest due to Transax Limited by Medlink Conectividade. In accordance with the further terms and provisions of the Agreement, we retained our relevant technology assets consisting of software code and the Postilion network processor program to carry on business outside of Brazil.

Our board of directors considered the sale of Medlink Conectividade to be in the best interests of the Company and its shareholders. Factors considered included (i) the high levels of debt in Medlink Conectividade, (ii) its continuing net losses and (iii) reports from Brazil counsel to Medlink Conectividade indicating that immediate tax and social security payments were due to the Brazilian Government of over \$1,000,000.

Subsequent to April 4, 2011, we will have no revenues and limited operations consisting of financial report, administration and seeking new business opportunities or a merger candidate.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We continually evaluate our estimates, including those related to bad debts, recovery of long-lived assets, income taxes, the change in fair value of our derivatives, and the valuation of equity transactions. We base our estimates on historical experience and on various other assumptions that we believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Any future changes to these estimates and assumptions could cause a material change to our reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of the financial statements

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 the 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.

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) collectability is probable.

Substantially all of our revenues was 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 on the 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.

RESULTS OF OPERATION

YEAR ENDED DECEMBER 31, 2010 COMPARED TO YEAR ENDED DECEMBER 31, 2009

	For the Year Ended December 31,	
	2010	2009
REVENUES	\$ -	\$ -
OPERATING EXPENSES		
Professional fees	67,658	57,406
Management and consulting fees – related parties	252,240	273,214
General and administrative	18,254	35,866
TOTAL OPERATING EXPENSES	338,152	368,486
LOSS FROM CONTINUING OPERATIONS	(338,152)	(368,486)
OTHER (EXPENSES) INCOME		
Foreign exchange loss	16,728	(9,327)
Gain (loss) from derivative liabilities	142,524	