

TRANSAX INTERNATIONAL LTD
Form 10-Q
May 15, 2012

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

Form 10-Q

(Mark One)

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

For the period ended March 31, 2012

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 registrant as specified in its charter)

Colorado 90-0287423
(State or other jurisdiction of incorporation (I.R.S. Employer Identification No.)
or organization)

South Part 1-101, Nanshe Area, Pengnan Industrial Park on North Yingbinbei
Road
in Waisha Town of Longhu District in Shantou, Guangdong, China 515023
(Address of principal executive offices) (Zip Code)

(86)-754-8323888
(Registrant's telephone number, including area code)

not applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if

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any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the most practicable date: 96,078,960 shares of common stock are issued and outstanding as of May 11, 2012.

TRANSAX INTERNATIONAL LIMITED AND SUBSIDIARIES
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March 31, 2012

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We used in this report, the terms "Transax," "we," "our," and "us" or the "Company" refers to Transax International Limited, a Colorado corporation and its wholly-owned subsidiaries Big Tree International Co., Ltd., a Brunei company, ("BT Brunei") and Shantou Big Tree Toys Co., Ltd., a Chinese company ("BT Shantou").

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This report includes forward-looking statements that relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Words such as, but not limited to, “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” “targets,” “likely,” “aim,” “will,” “would,” “could,” and similar expressions or phrases identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and future events and financial trends that we believe may affect our financial condition, results of operation, business strategy and financial needs. Forward-looking statements include, but are not limited to, statements about:

- Factors affecting consumer preferences and customer acceptance of new products;
- Competition in the toy industry;
- Loss of one or more key customers;
- Dependence on third-party contract manufacturers;
- Dependence on certain key personnel;
- Inability to manage our business expansion;
- Infringement by third parties on our intellectual property rights;
- Our inadvertent infringement of third-party intellectual property rights;
- PRC government fiscal policy that affect real estate development and consumer demand;
- Availability of skilled and unskilled labor and increasing labor costs;
- Lack of insurance coverage and the impact of any loss resulting from product liability or third party liability claims or casualty losses;
- Violation of Foreign Corrupt Practices Act or China anti-corruption laws;
- Economic, legal restrictions and business conditions in China;
- Dilution attributable to our convertible preferred stock;
- Impact of proposed one for 700 reverse stock split of our outstanding common stock;
- Limited public market for our common stock; and
- Potential conflicts of interest between our controlling shareholders and our shareholders.

You should read thoroughly this report and the documents that we refer to herein with the understanding that our actual future results may be materially different from and/or worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements including those made in Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2011. Other sections of this report include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. 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 report, and you should not rely on these statements without also considering the risks and uncertainties associated with these statements and our business.

TRANSAX INTERNATIONAL LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF BALANCE SHEETS

March 31,
2012
(Unaudited)

December 31,
2011

ASSETS

CURRENT ASSETS:

| | | |
|---|------------------|------------------|
| Cash | \$ 176,260 | \$ 246,720 |
| Accounts receivable (net of allowance of \$26,746 and \$26,578, respectively) | 3,981,833 | 2,987,379 |
| Advance to suppliers and prepaid expenses | 207,860 | 80,978 |
| Inventories | 522,661 | 699 |
| Due from related parties | - | 66,597 |
| Other receivable | 286,029 | 266,318 |
| Total Current Assets | 5,174,643 | 3,648,691 |

NON-CURRENT ASSETS

| | | |
|------------------------|---------------------|---------------------|
| Fixed assets, net | 124,449 | 131,812 |
| Intangible assets, net | 12,876 | 13,558 |
| Total Assets | \$ 5,311,968 | \$ 3,794,061 |

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

| | | |
|---------------------------------------|------------------|------------------|
| Accounts payable and accrued expenses | \$ 1,379,565 | \$ 935,666 |
| Advance from customers | 922,777 | 941,750 |
| Salaries payable | 70,495 | 23,330 |
| Tax payable | 4,064 | 2,123 |
| Due to related parties | 603,819 | 138,814 |
| Other payable | 226,692 | - |
| Total Current Liabilities | 3,207,412 | 2,041,683 |
| Total Liabilities | 3,207,412 | 2,041,683 |

SHAREHOLDERS' EQUITY:

| | | |
|---|------------------|------------------|
| Common stock (\$0.00001 par value; 100,000,000 shares authorized; 96,078,960 shares issued and outstanding at March 31, 2012 and December 31, 2010, respectively) | 961 | 961 |
| Additional paid-in capital | 691,748 | 691,748 |
| Retained earnings | 1,300,715 | 1,072,327 |
| Accumulated other comprehensive (loss) income | 111,132 | (12,658) |
| Total Shareholders' Equity | 2,104,556 | 1,752,378 |

| | | | | |
|--|----|-----------|----|-----------|
| Total Liabilities and Shareholders' Equity | \$ | 5,311,968 | \$ | 3,794,061 |
|--|----|-----------|----|-----------|

See notes to unaudited consolidated financial statements

TRANSAX INTERNATIONAL LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

| | March 31, 2012 (Unaudited) | March 31, 2011 (Unaudited) |
|------------------|----------------------------------|----------------------------------|
| Revenues | \$ 6,254,995 | \$ 564,067 |
| Cost of revenues | 5,573,423 | 506,940 |