

DISTRIBUTORSHIP AGREEMENT

THIS DISTRIBUTORSHIP AGREEMENT (this "Agreement") is made and entered into on this ____ day of December, 2005, by and between Hyosung Nautilus Inc., a corporation organized and existing under the laws of the Republic of Korea ("Korea"), with its head office located at Cheongdam Bldg., 52 Cheongdam-dong, Kangnam-gu, Korea ("Hyosung") and Tranax Technologies, Inc., a corporation organized and existing under the laws of the State of California, the United States of America ("USA"), with its head office located at 44320 Nobel Drive, Fremont, CA 94538 USA ("Tranax"). The "Effective Date" of this Agreement shall be August 1, 2005.

(Hyosung and Tranax are hereinafter individually referred to as a "Party" and collectively the "Parties.")

WITNESSETH

WHEREAS, Hyosung is engaged in the manufacture, sales, and distribution of certain proprietary automatic teller machines and Tranax is engaged in the sales and distribution of such automatic teller machines in the USA and Canada; and

WHEREAS, the Parties desire to set forth the terms and conditions of the distributorship between Hyosung and Tranax in respect of such automatic teller machines.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the Parties agree as follows:

1. Appointment

Subject to the terms and conditions herein, Hyosung hereby appoints Tranax as a non-exclusive distributor of the Products (as hereafter defined) within the Territory (as hereafter defined) and Tranax hereby accepts such appointment to develop demand for and to sell Hyosung's Products within the Territory and will make all sales hereunder in accordance with this Agreement. For the purpose of this Agreement, the term "Territory" means the USA (including

unincorporated territories and commonwealths of the USA) and Canada.

2. Products

2.1 The term "Products" shall mean the automatic teller machines as set forth in Appendix A, attached hereto and made a part hereof, and all products that are a successor to the "Products" ("Successor Products"). For Successor Products, NH and Tranax should agree on the specifications and pricing.

2.2 Tranax shall purchase Hyosung's models of automatic teller machines, other than the Products, in units specified in the Purchasing Order. The terms of sale shall be separately discussed.

3. Purchase Price

The purchase price of the Products ("Purchase Price"), including Successor Products with similar functions shall be determined by the schedules as set forth in Appendix B, attached hereto and made a part hereof, or as mutually agreed upon by the parties; provided, however, that Hyosung and Tranax may make an adjustment to the Purchase Price as set forth in Article 8 (Minimum Purchase) if agreed to in writing at any time when either party reasonably determines such adjustment is necessary to account for the changes in the cost factors such as foreign exchange rate, material cost, etc., or to changes in market factors such as a competitor's price cut, introduction of lower priced products, etc.

Hyosung shall provide Tranax with competitive Products upon market demands. Tranax may demand an adjustment to the Purchase Price of the Products if Hyosung fails to provide Tranax with price competitive Products against lower priced products in the market.

4. Purchase Order and Forecasts

By the end of every month, Tranax shall provide Hyosung with a six (6) month rolling purchase forecasts on the Products in writing. The volume specified in such purchase forecasts may be adjusted by Tranax or reduced by Hyosung upon written notice to the other Party, within the range of thirty percent (30%)

if such notice is given at least three (3) months prior to the scheduled shipping date or within the range of twenty percent (20%) if such notice is given at least two (2) months prior to the scheduled shipping date. In no event shall any Party be able to adjust or reduce the volume specified on the purchase forecasts at any time within thirty (30) days prior to the scheduled shipping date. The total volume of adjustment(s) shall not exceed thirty percent (30%) of the volume specified under any single purchase forecast provided to Hyosung. The amount for each purchase order shall not be less than twenty (20) units. Hyosung shall ship Products as requested by purchase order issued by Tranax. Once the purchase order and delivery schedule have been confirmed by Hyosung, delivery of Products shall not be delayed by more than two weeks. Any delays in excess of four weeks will result in cancellation of the purchase order, and any such cancelled quantities shall be considered as units purchased by Tranax for purposes of calculating minimum quantities as set forth in Article 8. Tranax shall not cancel the purchase order if the delayed shipment is caused by events or factors beyond Hyosung's control.

5. Payment

Tranax shall pay Hyosung the Purchase Price in US dollars by means of irrevocable usance letter of credit for a maximum usance period of sixty five (65) days drawn on mutually agreed bank in favor of Hyosung or by such other means as Hyosung may advise Tranax in writing. The irrevocable usance letter of credit shall be issued at least three (3) weeks prior to the shipping date described on a relevant purchase order.

6. Branding Policy

Except for MB-1500 and MB-2100T models, all the Products shall bear the trademarks of Hyosung ("Hyosung Trademarks"). MB-1500 and MB-2100T models shall bear both the trademarks of Tranax, as notified to Hyosung, and Hyosung trademarks.

7. Tranax Product

7.1 Tranax will not sell within the Territory automatic teller machines manufactured



by anyone else other than Hyosung except that Tranax may sell automatic teller machines developed by it ("Tranax ATM") with specifications or features dissimilar to the Products and designed to sell and sold at pricing points substantially different than the Products.

7.2. Tranax may grant Hyosung priority in discussing the possibility of Hyosung providing manufacturing of Tranax ATM, or Tranax ATM models with additional functions.

8. Minimum Purchase

8.1 Tranax shall purchase not less than 10,000 units total of MB-1500 and MB-2100T models annually from Hyosung, starting from the contract date.

8.2 Tranax shall purchase not less than 500 units of MBS-5000 model annually from Hyosung, starting from the contract date.

8.3 In the event that the unit price of the Products supplied to Tranax by Hyosung changes as outlined in Article 3, the parties agree to enter into discussions and may renegotiate the minimum purchase amount.

9. Sales Channel

9.1 Among the Products, Tranax shall have the first right to sell the MBS-5000 model in the Territory.

9.2 Hyosung may elect to sell the MBS-5000 model in the Territory; provided, however, that Hyosung sells the MBS-5000 as part of a bundled sale with Hyosung's other high-end products (with more functionality or higher priced than the MBS-5000) not listed in Appendix A, and provided that Hyosung receives its supply of such MBS-5000 model exclusively through Tranax.

10. Confidential Information and Intellectual Property

10.1. Confidential Information

Both companies agrees that, without the prior written consent of the other

company, either company will not publish, communicate, divulge or disclose any confidential information of the other company to a third party, and shall not use any such information, except pursuant to the provisions of this Agreement, during the term thereof, including the period after the termination of this agreement. "Confidential Information" means nonpublic information that a party to this Agreement ("Disclosing Party") designates as being confidential to the party that receives such information ("Receiving Party") and subsequently accepted as such by the Receiving Party. Confidential Information shall not include any information, however designated, that (a) is or becomes publicly known through no wrongful act of Receiving Party; or (b) is legally disclosed to Receiving Party by a third party not under an obligation of confidentiality to or acting on behalf of the Disclosing Party; or (c) Receiving Party can show, by written records, that such Confidential Information was in Receiving Party's possession prior to disclosure by the Disclosing Party; or (d) is developed by Receiving Party independent of any Confidential Information; or (e) Receiving Party is legally compelled to disclose by legal process, provided that Receiving Party gives the Disclosing Party reasonable notice in advance of making any disclosure and assists Disclosing Party, at the latter's expense, in attempting to obtain an appropriate protective order. In the event of breach of this prohibition, the company being breached upon shall immediately be entitled to terminate this Agreement, and shall be entitled to demand payment for damages in addition to any and all other right and remedies available.

10.2. Limitation on Property Rights

Without a prior written consent of the other company, either company shall not acquire any rights related to any copyrights, trade marks, trade secrets, service marks, logos, know-how or other intellectual property or confidential information of the other company except as may be expressly and unambiguously provided for herein.

10.3. Indemnification of Tranax

Hyosung shall defend Tranax and its affiliates and its and their respective officers, directors and employees against a third-party claim that the Products sold to Tranax infringes on a patent or copyright, provided, however, that Tranax is under the obligation to provide the fullest cooperation to Hyosung and its representative in such proceedings, and shall not take any action or omit

from taking action, in any respect, to the detriment of Hyosung in such dispute.

10.4. Indemnification of Hyosung

Tranax shall defend Hyosung and its affiliates and its and their respective officers, directors and employees against any third-party claim for infringement of any patent or copyright where Tranax modifies or alters the Product, or uses the Product in a manner not contemplated or authorized by Hyosung.

11. Warranty and Limitation of Liability

11.1 Hyosung warrants that the Products which it sells to Tranax shall be free from defects in workmanship or materials. In the event that any Products or parts thereof shall prove to be defective in workmanship or materials within a period of one hundred eighty days from the delivery thereof to Tranax, Hyosung shall repair or replace the same without cost to Tranax. Except as stated herein, Hyosung shall not be liable for any damages or for the breach of any warranty, express or implied, or for any other obligation or liability on account of the Products covered by this Agreement which it may sell to Tranax.

11.2 Tranax will be in charge of the maintenance of the Products installed in the Territory. For the maintenance, Tranax may import spares as Appendix C from Hyosung, and the general terms and conditions shall be the same as above. For the maintenance work in the Territory, Hyosung shall provide Tranax with the fixed amount of spare parts up to three percent (3%) of the invoice value free of charge in case of MBS-5000 model and up to one percent (1%) of the invoice value free of charge in case of all other Products.

11.3 HYOSUNG WARRANTS THAT THE PRODUCTS SHALL COMPLY WITH THE FUNCTIONAL SPECIFICATIONS MUTUALLY AGREED UPON BY THE PARTIES. EXCEPT AS SPECIFICALLY SET FORTH IN SECTION 11, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY LOSS OF BUSINESS WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT. HYOSUNG SHALL NOT BE LIABLE FOR ANY DAMAGES RESULTING FROM ITS PERFORMANCE OR FAILURE TO PERFORM ANY OBLIGATION UNDER THIS AGREEMENT, OR RESULTING FROM THE FURNISHING, PERFORMANCE OR LOSS OF

USE OF ANY PART OF THE PRODUCTS, INFORMATION OR OTHER PROPERTY OF HYOSUNG, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NEITHER PARTY WILL BE LIABLE UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER THEORY FOR INDIRECT OR CONSEQUENTIAL DAMAGES WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT. THE PROVISIONS OF THIS SECTION SHALL APPLY TO LOSSES OR DAMAGES ARISING FROM OR RELATED TO THIS AGREEMENT, IRRESPECTIVE OF CAUSE OR ORIGIN, RESULT DIRECTLY OR INDIRECTLY TO PERSONS OR PROPERTY, FROM PERFORMANCE OR NONPERFORMANCE OF THE OBLIGATIONS IMPOSED BY THIS CONTRACT, OR FROM NEGLIGENCE, ACTIVE OR OTHERWISE, OF EITHER PARTY, THEIR RESPECTIVE AGENTS, ASSIGNS OR EMPLOYEES.

11.4 The Parties shall resolve through mutual consultation any issues arising in connection with design errors and other critical errors in the Products.

12. Term and Termination

This Agreement shall come into force on the date hereof and shall continue in effect for a period of two (2) years from the Effective Date and shall be automatically renewed for successive terms of one (1) year, unless earlier terminated pursuant to the provisions hereof or if either Party sends a notice of non-renewal at least ninety (90) days prior to the expiration of the then-applicable term. If either Party is in breach of this Agreement and such breach is not remedied within sixty (60) days after the non-breaching Party transmits a written notice of breach and demand for cure to the breaching Party, this Agreement shall automatically terminate after the expiration of such sixty (60) day period.

13. Part Availability

Hyosung shall provide spare parts for the Products that are required by Tranax for the repair or maintenance of the relevant Products for a period of five (5) years after the last delivery date of the relevant Products to Tranax. If Hyosung becomes unable to provide Tranax with spare parts for any reason during the

above period, Hyosung shall take proper measures to have Tranax provided with such spares parts at no additional expense to Tranax. Alternatively, Tranax shall have the right to acquire such parts on its own at Hyosung's expense if it reasonably determines that Hyosung is unable to provide such parts within a reasonable timeframe. Hyosung shall continue to provide spare parts as set forth herein upon termination of this Agreement, and this section shall survive any expiration or termination of said Agreement.

14. Miscellaneous

14.1 This Agreement shall be governed by, and interpreted under, the substantive laws of Korea.

14.2 Failure or delay on the part of any Party to exercise a right under this Agreement shall not operate as a waiver thereof nor shall any single or partial exercise of a right preclude any other future exercise thereof.

14.3 Any notice or written communication provided for in this Agreement from any Party to the other Party shall be made in writing and sent by mail or by facsimile with a confirmation copy sent by mail. The date of receipt of a notice or communication hereunder shall be deemed to be three (3) calendar days after mailing or one (1) calendar day after sending in the case of a facsimile, provided it is evidenced by a confirmation receipt and the confirmation copy is sent. All notices and communications hereunder shall be sent to a relevant Party by using the following contract information, until the same is changed by notice given in writing to the other Party.

If to Hyosung:

Cheongdam Bldg., 52 Cheongdam-dong, Kangnam-gu, Korea
Attention: J.H. Moon

Telephone: 2-510-0441

Facsimile: 2-3442-7993

E-Mail: tnc-jhmoon@hyosung.com

If to Tranax:

44320 Nobel Drive, Fremont, CA 94538 USA
Attention: Paul Kim

Telephone: 510-624-8494
Facsimile: 510-770-2240
E-Mail: pkim@tranax.com

- 14.4 The invalidity of any provision of this Agreement shall not affect the validity of any other provision of this Agreement.
- 14.5 This Agreement may not be assigned to a third party in whole or in part by any Party without the prior written consent of the other Party, which shall not be unreasonably withheld.
- 14.6 In the event of a change in control by either party, the parties shall renegotiate the terms and conditions of this Agreement and the continuation thereof. In the event that the parties are unsuccessful in renegotiating the term within sixty days of a change in control, this Agreement shall terminate.
- 14.7 This Agreement may not be amended orally, and any amendment hereto must be agreed to in a written instrument signed by both Parties.
- 14.8 Any dispute arising under or in connection with this Agreement shall be resolved through final and binding arbitration, to be conducted in Seoul, Korea, in Korean language by three arbitrators under the Rules of Arbitration of the Korean Commercial Arbitration Board ("KCAB") if brought by Tranax; of by final and binding arbitration administered by American Arbitration Association in accordance with its International Arbitration Rules if brought by Hyosung. The award of the arbitral tribunal shall be final and binding. Judgment on the award of the arbitral tribunal may be entered and enforced by any court of competent jurisdiction.
- 14.9 The Parties are and shall remain independent contractors. There is no relationship of partnership, employer, employee, principal, agent, joint venture,

employment, franchise, or agency between the Parties. Except as expressly provided in this Agreement, neither party will have the power to bind the other or incur obligations on the other's behalf without the other's prior written approval and shall not represent that it has such right.

14.10 This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement by and through their respective authorized representatives on the date first written above.

Nautilus Hyosung Inc.

Tranax Technologies, Inc.

By:  _____

Name: Pill Koo Ryou
Title: CEO & President

By:  _____

Name: Hansup Kwon
Title: CEO & President

Appendix A. Product of Mini-Bank 1500 (MB-1500) Series

1. Standard specifications

a. Controller

80c186 CPU

Electronic journal for minimum 2,000 transactions

56K modem

Color LCD controller

b. CDU (Cash Dispensing Unit)

One denomination

800 new notes dispensing capacity for dispensing bin

Note by note rejection

No retraction function

c. Receipt printer (Thermal printing)

80 mm wide receipt paper

Semi-auto paper loading

d. Display

5.7 inch Mono LCD

320*240 resolution

e. VISA approved EPP

f. MCR (DIP type : ISO 1/2/3)

g. Lock : Combination lock as standard

h. Power supply

i. Approval

U/L 291 Business hour

C-UL

FCC part 15, part 68, class A

2. Optional specifications

a. Display : 5.7 inch color LCD

b. CDU (Cash Dispensing Unit)

Single small cassette for 1,000 notes capacity

Single large cassette for 2,000 notes capacity

Dual large cassette for 4,000 notes capacity

3. Future specification

a. For more detailed specifications to be discussed later by both parties.

Appendix A. Product of Mini-Bank 2100T (MB-2100T)

1. Standard specifications

A. Controller

80c186 CPU

Electronic journal for minimum 2,000 transactions

56K modem

Color LCD controller

B. CDU (Cash Dispensing Unit)

One denomination

2,000 new notes dispensing capacity for cassette

Note by note rejection

No retraction function

C. Receipt printer (Thermal printing)

80 mm wide receipt paper

Semi-auto paper loading

D. Display

5.7 inch Mono LCD (Sun light viewable)

320*240 resolution

E. VISA approved EPP

F. MCR (DIP type : ISO 1/2/3)

G. Lock : Combination lock as standard

H. Power supply

I. Approval

U/L 291 Business hour

C-UL

FCC part 15, part 68, class A

Appendix A. Product of MBS-5000

1. Standard specifications

a. Controller

CPU : VIA C3 800MHz

Main memory : 128MB, up to 512 MB

DOC (Disk on chip) : 16MB

HDD : 20GB

Modem : 56K bps

O/S : Embedded Windows XP

b. CDU (Cash Dispensing Unit)

Dual denomination cassettes (2,000 new notes capacity per each cassette)

Note by note rejection (Reject bin)

No retraction function

Rear maintenance service

c. Display

10.4 inch color LCD (High bright, sun viewable)

Auto dimming

d. VISA approved EPP

e. Service panel

5.7 inch mono LCD

f. MCR : DIP type, ISO 1/2/3

g. Receipt printer

Thermal paper, Semi-auto loading, 80mm width paper

h. Key lock : LA Gard combination lock

i. Power supply

j. Approval

U/L 291 Level 1

FCC Part 15, part 68, Class A

2. Optional specifications

a. Side door maintenance (MBS-5000S)

b. Envelope deposit (EDU-P)

Appendix B. Unit Price

1. Model : Mini-Bank & MBS series ATM

2. Unit price

- 1) MB-1500 : **Redacted**
- 2) MB-1520 : **Redacted**
- 3) MB-2100T : **Redacted**
- 4) MBS-5000 (w/o EDU-P) : **Redacted**
- 5) MBS-5000 (w/ EDU-P) : **Redacted**

3. Terms & conditions

- 1) Price terms : D/A 65 days, or wire transfer
- 2) Price condition : CIF USA West coast

Appendix C. Spare parts list

To be discussed later.

