

# Special Situations

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AFLR

## Going once, going twice... SOLD!

To the savvy investor who knows how to SPOT an emerging company with the potential for long-term growth. Why do we at EQUITIES believe that Pink Sheets listed Auctionfloor Inc. is worthy of investors' attention? For one, the company is based on a burgeoning online auction concept with proven success. Think eBay and Liquidation.com. Online shopping sales in the U.S. have reached an all-time high (over \$65 billion in 2006) as consumers find increased security and convenience in the Internet. Auctionfloor Inc. is unique in offering live auctions and a state-of-the-art technology platform. Also, its website's auction software allows for easy translation, giving the company access to international markets.

What's more, the company's platform has a unique connection to eBay Live's servers, giving it exposure to eBay's 165 million users.

With solid management, an extensive advertising campaign and an array of strategic partnerships, this young company may pull in revenues faster than an auctioneer can move his mouth. We at EQUITIES don't normally look to the Pink Sheets for the next big winner - these stocks are just too volatile. However, Auctionfloor, Inc is just too special a company to overlook. We encourage you to do your own research on Auction Floor, Inc., and be sure to check out the company's profile in the February and April issues of EQUITIES Magazine.



Gregory Bergman  
Managing Editor

**WARNING:** There is no fee for being selected as an EQUITIES Special Situation. Our only requirement is being a real company whose stock we believe has the potential to increase 50% to 100% over the next two years. We have tried to be objective, but may have failed. You, readers must decide for yourself.

Be careful to place strict limits on your purchases. The price quoted for the recommended stock is of the date this report went to the printer, who naturally needs time to produce and mail our newsletter. For current quotations, go online. If a stock rises out of our price range, there will always be another opportunity or another stock with a bargain price. Remember, the price you pay will determine your profit (or loss) when you sell.

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**Auction Floor, Inc.**  
**www.auctionfloor.com**



Revolutionizing the live auction industry.

Becoming the eBay of the online live auction market.

Website caters to an international market.

Access to a large, profitable market, as the number of auction houses worldwide totals 16,000 and annual sales reached \$255 billion in 2005.

Offering 415 auctions (with an estimated 166,000 total lots) and upcoming live auctions catalogs starting in Feb 2007 available for online bidding.

Utilizing unique link to eBayLive Auction servers.

OTC:	AFLR	Shares Outstanding:	88.3 million
Recent Price:	\$0.30	Stock Market Cap:	26.5 million
52-Week Range:	\$0.51 – 0.15	Long-Term Debt:	N/A
Shareholder's Equity:	N/A	Total Assets:	N/A
Book Value per Share:	N/A		

Total Auction Houses Worldwide .....	16,000
Current Annual Sales .....	\$256B
EbayLive Revenues (2005) .....	.400M
Active Auction Houses Online (eBay has 181) .....	.500
# of Auctions Held on eBay Live / Month .....	.250
Total Users on eBay .....	.150M
Percentage Who Have Tried Live Auctions .....	.3%

(Auctionfloor.com's tools will increase this number)

## RECOMMENDATION

Auction Floor, Inc. has been rapidly gaining name recognition in the live auction industry. The company's website, [www.auctionfloor.com](http://www.auctionfloor.com), offers access to hundreds of live auctions around the world. Through a relationship with AuctionZip, Auction Floor, Inc. will post over 15,000 auction catalogs and sale bills in the next 90 days, providing bidders with millions of items to bid on. This will expand to its bidder count and give auctioneers what they want – access to floor and online bidders.

The company expects its premium membership service to produce strong revenue growth. For a \$30 annual fee, bidders will be able to access premium services and specialized tools. For example, members can utilize tools such as sniping – this allows a software agent to place a bid in the closing seconds of an auction. Membership is expected to be a significant part of the company's revenue streams. "When you start looking at the 10 million bidders we believe we'll eventually have, those membership fees will start adding up," says Michael Whelchel, the company's Technical Marketing Director.

### Bidding Platform & Partnerships

The company recently agreed to share content with AuctionZip.com, a similar company with over 6,500 registered auctioneers and an average of 1.2 million page views per month. This could lead to a joint venture, and would be a major benefit for the company - AuctionZip's 360,000 buyers could be added to Auction Floor, Inc.'s current customer base. AuctionZip's customer base would be introduced to live bidding tools for the first time. The company hopes to expand its customer base to several million by 2007, at which point the company will implement several customer motivation and retention programs to attain premium memberships.

The first two auction houses on its live auction-bidding platform are Heritage Auction Galleries, the world's largest collectibles auctioneer, and Absolute Auctions & Realty, run by Robert Doyle the past president of the NAA and Hall of Fame inductee.

Auction Floor, Inc. and GoAntiques, based in Columbus, Ohio, have also teamed up for future auctions. GoAntiques lists over 45,000 items on eBay Live Auctions per month and has agreed to start using Auction Floor, Inc.'s technology in 2007.

Bidder Central, a leader in the clerking and online auction business, is negotiating a joint venture with Auction Floor Inc. – this would bring advanced technology, over 40 auction houses, and international connections to the table.

Discussions are ongoing with Auction Services Inc., which is connected to thousands of auctioneers boasts over 700,000 unique monthly visitors to their website. Auction Floor, Inc. hopes to be able to post its red BID NOW button on key websites like Auction Services to increase bidder counts for auctioneers holding live online cataloged auctions.

#### Auctioneer live bidding

this add-on supports auctioneer live bidding technology which allows you to bid on this item up to the last few minutes of the item being auctioned (this is not possible on eBay if the auction has already begun). Auctioneers can bid using AuctionFloor web-based bidding system (no Java and no installation required) or software based bidding system (you can bid on multiple auctions at the same time). The standard eBay live bidding module is also available. Click the below button to continue:

**Bid Now**  
with AuctionFloor

For technical assistance with bidding, please contact: [Support@AuctionFloor.com](mailto:Support@AuctionFloor.com)

## BUSINESS

The company's business model is focused on capturing content first (auction houses and bidders), then driving revenues through services. In 2007, management estimates that if five million bidders use its platform and 5% utilize the snipe feature, Auction Floor, Inc. will realize \$15 million in revenue from this one service alone.

### Bidders can:

- Bid live on selected lot based on keywords, categories or item specifics
- Bid on items from more than one auctioneer at the same time
- Bid on multiple rings at the same time
- Be informed when a lot is going to be auctioned – time estimate
- Be allowed to bid within 1 minute of a lot selling by phone, online catalog or computer
- Be allowed to place a snipe bid days, hours or minutes before a lot sells live
- Place a private bid days, hours or minutes before a lot sells live
- Request a phone bid and bid live in real time when a lot is selling live
- Bid online without software installations or plug-ins (Mac Friendly)
- Bid on several auctions at the same time with or without filtering
- Receive a time estimate of when an item is going to be auctioned

### Auctioneers benefit:

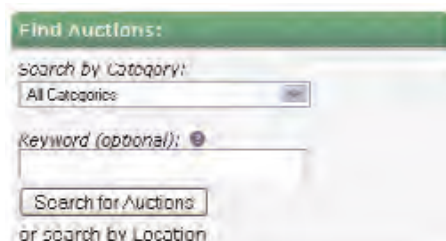
While loyal bidders attend auctioneers of their choice and sit through an entire auction from start to finish, those numbers are in the hundreds, not millions. Auction Floor, Inc. provides a stable fast bidding solution for loyal bidders and tools for the bidders that are not present.

Auctioneers must also address the millions of bidders who prefer to find what they want and be told when they will be sold from a pool of all live auction lots. Catering to these millions of bidders who now use eBay's timed auctions, auctioneers can add millions of new bidders. More bidders equates to higher prices and happier consigners or estate owners.

### Fail-Safe System with Super-Fast Response Time

Auction Floor, Inc.'s platform took four years to develop and spent two years in private testing. The company's servers are designed to never crash, featuring redundant high speed optical lines, database backups and mirrored application servers. Translation: the company could pull the power plug on its servers and its auction would continue as if nothing happened. Its bidding platform also has connectivity-strength monitors and auto-restart functionality in case a bidder loses Internet connection.

Moreover, Auction Floor, Inc.'s response time is the fastest in the world. It processes new bids in under 200 milli-seconds. Bidders are notified of bid changes instantly and are never delayed or behind the auction. This feature alone eliminates 90% of the complaints of online live auctions. Auction Floor, Inc. has been bench tested to operate at 300 lots per hour (most auctioneers sell at 90-130 lots per hour).



The image shows a search interface for finding auctions. It features a green header with the text "Find Auctions:". Below this, there is a "Search by Category:" label followed by a dropdown menu currently set to "All Categories". Underneath is a "Keyword (optional):" label with a magnifying glass icon and an empty text input field. A "Search for Auctions" button is positioned below the input field. At the bottom of the form, there is a link that says "or search by Location".



## EBay & Google

One of the biggest strengths of Auction Floor, Inc.'s platform is its unique connection to eBay Live's servers. Ebay Live features a special link to Auctionfloor.com; giving it critical exposure to millions of online consumers. This allows the company to tap into eBay's 165 million users without using their Java-based auctioneer management console (Java can cause speed issues on some computers).

The company has also specially engineered its website to enable online searchers to easily find auctions directly from Google.com. This feature alone can greatly increase the results of a single auction.

## Bid Anytime in Different Ways

Using its powerful software application, easy phone bidding system (in development), or eBay Live's Java console, bids can be placed up to one minutes before the item is to be auctioned. Using a sophisticated algorithm, Auction Floor, Inc. tells bidders when their item is to be auctioned —hours or even days in advance. Therefore, customers can bid anytime, anywhere.

## Save Time and Money

The company's auction management system makes it easy to add new items and track them through the various stages of input. It allows up to 12 detailed photographs and has a turnkey photography system to help auctioneers quickly photograph their items. Auctionfloor.com also provides instant access to detailed auction reports. Its fraud-detection module tracks bidders so one can know who to let bid and who to keep out. With additional tools and programs coming from Bidder Central, Auction Floor, Inc. will now be able to offer full backroom and clerking support.

## HISTORY

In December 2006, GlobalNet Energy, Inc., acquired CBTechnologies and changed its name to Auction Floor, Inc. to better reflect its corporate goal of being an online meeting place for auctioneers and bidders. In conjunction with the name change, the company launched [www.auctionfloor.com](http://www.auctionfloor.com).

## MANAGEMENT

**Andy Stone** is the President and CEO of Auction Floor, Inc. Mr. Stone's passion for the live auction business led him to become instrumental in the formation of what is now auctionfloor.com. He was previously in the insurance industry, where he served as President of Professionals Investors Insurance Group, a publicly traded insurance holding company. There, he managed over 2800 employees as well as overseeing all aspects of the company's growth and profitability.

**James Paden** is Chief Technology Officer and Vice President. Mr. Paden is responsible for the company's IT staff, website and technical infrastructure. He has over eight years of IT experience including starting multiple online businesses, and is skilled in seven different programming languages. His strengths include user-friendly design, search engine optimization and online marketing.

**Loretta Griffin** is Secretary and Treasurer. Ms. Griffin has over 20 years experience in corporate finance and accounting. She began her career in international banking. Recently she was chief financial officer of a nationally chartered trust company, where she served for 8 years. Ms. Griffin has held controller positions in a variety of firms including investment banking, consulting and real estate trust companies. She is currently a co-founder of Bjork Security Systems, Scottsdale, AZ and financial liaison for Advisory Services, Inc.

**Michael Whelchel** is the company's Technical Marketing Director. Mr. Whelchel has more than thirty years experience with programming, databases and many types of real time systems. His business background has focused on real time systems and has included Wall Street and Live auctions. He has the ability to envision the "big picture" of business models and troubleshoot, determine solutions and direct teams of IT professionals to create software to implement and/or improve the business model. Mr. Whelchel's abilities also include promotions, advertising, marketing operations and financial projections.

## COMPETITION

Auction Floor, Inc. is not alone under the online auction umbrella. In fact, there are numerous online auction companies including eBay, the largest and most popular online auction site in the world; Yahoo Auctions, a major player in the online auction world, although without the muscle of eBay; and Amazon.com Auction, among a host of others.

## RISKS

Auction Floor, Inc. competitive space is characterized by rapidly changing technology and evolving industry standards. To be competitive, the company must continually improve its systems to accommodate the increasing levels of use of its website. In addition, it may need to develop or license additional technology in order to add new features and functionality to its services. If it's unable to upgrade or effectively integrate its technology, transaction processing systems, security infrastructure, or network infrastructure to accommodate increased traffic or transaction volume its business could be harmed.

## CAUTIONARY STATEMENT

This document does not constitute an offer to sell or a solicitation of an offer to buy any of our securities. This document contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may include projections of matters that affect revenue, the ability to develop or license certain technologies; operating expenses or net earnings; projections of capital expenditures; projections of growth; hiring plans; plans for future operations; financing needs or plans; plans relating to the company's products and services; and assumptions relating to the foregoing.

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