

ABLEACTIONS COM INC
Form 10-K
March 31, 2008

United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended **December 31, 2007**

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

For the transition period from

Commission file number **000-28179**

ABLEACTIONS.COM, INC.

(Name of registrant in its charter)

Florida

(State or other jurisdiction of incorporation or organization)

1963 Lougheed Highway, Coquitlam, British Columbia, Canada

(Address of principal executive offices)

59-3404233

(I.R.S. Employer Identification No.)

V3K 3T8

(Zip Code)

Issuer's telephone number **604-521-3369**

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

| Title of each class | Name of each exchange on which registered |
|---------------------------------|--|
| Common Stock, \$0.001 par value | American Stock Exchange |

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

Common Stock - \$0.001 par value
(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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the last 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 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, or a non-accelerated filer.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the 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 last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: \$11,519,028.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of March 25, 2008 the number of shares of the registrant's classes of common stock outstanding was

60,449,202.

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part 1, 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.

Transitional Small Business Disclosure Format (Check one): Yes No

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NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain information contained herein constitutes forward-looking statements, including without limitation statements relating to goals, plans and projections regarding the Company's financial position and the Company's business strategy. The words or phrases "would be," "will allow," "intends to," "may result," "are expected to," "will continue," "expects," "estimate," "project," "indicate," "could," "potentially," "should," "believe," "considers" or similar expressions identify forward-looking statements, as well as all projections of future results of operations or earnings. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or achievements of the registrant to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the following: risks related to technological change; the loss of the registrant's key personnel; the registrant's dependence on marketing relationships with auction houses, third party suppliers and strategic partners such as eBay; the registrant's ability to protect its intellectual property rights; government regulation of Internet commerce and the auction industry; dependence on continued growth in use of the Internet; capacity and systems disruptions; uncertainty regarding infringing intellectual property rights of others, risks over which the registrant has no control, such as a general downturn in the economy which may adversely affect the value of real property and impact discretionary spending by consumers, and the other risks and uncertainties described in this report.

We do not undertake any responsibility to release publicly any revisions to these forward-looking statements to take into account events or circumstances that occur after the date of this filing. Additionally, we do not undertake any responsibility to update you on the occurrence of any unanticipated events that may cause actual results to differ from those expressed or implied by the forward-looking statements contained in this filing. Please read carefully the risk factors disclosed in this report and in other filings we make with the Securities and Exchange Commission.

PART I

Item 1.

Description of Business

Overview

We provide liquidation and merchandizing services along with auction and point-of-sale technology to businesses to assist them with managing the sale of their products. We also provide mortgages and loans to individuals and companies, and develop real estate. We classify our business interests into three reportable segments: the auction, liquidation and technology Business, which consists principally of liquidation and merchandizing services; mortgages and loans, which consists of mortgages, loans and other investments; and real property and property development, which consists principally of properties held for development. We have included information in the discussion below about our websites. Information included on our websites is not a part of this Annual Report.

Liquidation Services - We sell merchandise through our Unlimited Closeouts and Ableauctions liquidation stores located in California and British Columbia and through auctions we conduct in the United States and Canada. We also generate revenues by providing inventory brokerage services at unlimitedcloseouts.com and unlimitedcloseouts.ca (www.unlimitedcloseouts.com).

Auction Broadcast Services - We broadcast business and industrial auctions over the Internet for auctioneers and members of the National Auctioneers Association (NAA). These auctions are facilitated using our proprietary technology (www.ableauctions.com/technology) through the website NAAonlinesolutions.com (www.NAAonlinesolutions.com). Additionally, we broadcast antique and collectible auctions over the Internet for numerous galleries and auction houses throughout the world. These auctions are facilitated using eBay's live auction technology through the iCollector.com website (www.iCollector.com). We also provide auction-related products and services for a fee (www.icollectorlive.com/services.aspx).

Point-of-Sale (POS) Services - Through our subsidiary, Rapidfusion Technologies, Inc. (www.rapidfusion.com/technology), we sell to retailers, install and support our proprietary point-of-sale (POS) sales processing and reporting system.

Our objective is to become a leading provider of liquidation and merchandising services. We believe that our long term success in this area of our business depends on our continued innovation and integration of technologies and services for auctioneers and liquidators worldwide.

Investment and Lending

On December 31, 2005 two of our wholly-owned subsidiaries, iTrustee.com Technologies Ltd. and Able Auctions (1991) Ltd., were amalgamated to create Stanford Development Corporation. On September 7, 2006 Stanford Development Corporation changed its name to Axion Investment Corporation. Axion Investment Corporation develops real estate and makes short term loans. Ableauctions.com Inc. manages the investment of

our cash and securities. The return on these investments has helped support the development of our liquidation and auction businesses.

History

We were incorporated under the laws of the state of Florida as J. B. Financial Services, Inc. on September 30, 1996. We changed our name to Ableauctions.com, Inc. on July 19, 1999. From the date of our incorporation until August 24, 1999, we had no material business and no material revenues, expenses, assets or liabilities.

On August 24, 1999, in exchange for shares of our common stock and cash, we acquired all of the assets and the business operations of Able Auctions (1991) Ltd., a British Columbia corporation engaged in the business of auctioning used equipment, office furnishings and other merchandise. We acquired all of the issued and outstanding common stock of Able Auctions (1991) Ltd. from Dexton Technologies Corporation, a British Columbia corporation. Our intent in acquiring the assets and business operations of Able Auctions (1991) Ltd. was to expand its bricks and mortar operations and to develop an on-line auction technology.

Because of the significant costs related to traditional auction businesses, such as maintaining a physical auction site and employees necessary to staff the auctions, we decided to abandon our plan to expand our bricks and mortar operations through continued acquisitions of auction businesses. Furthermore, we no longer staff or operate our bricks and mortar auction businesses. We continue to sell merchandise through traditional auctions, however, the operations are conducted by unrelated third parties who conduct the auctions for us in exchange for commissions.

While our business has evolved away from conducting auctions through bricks and mortar operations, we have expanded our on-line auction operations and branched out into excess inventory liquidation. We intend to continue to grow these business sectors.

Liquidation Services

During 2007, most of our business involving the liquidation of excess inventory was carried out by our wholly owned subsidiary, Unlimited Closeouts, Inc., which contacts major manufacturers and importers to purchase overstocks, order cancellations and discontinued products. Unlimited Closeouts then sells the merchandise to major retail chains, other resellers or the public.

We earn commissions ranging from 10% to 25% on the inventory that we sell. During the 2007 fiscal year, revenue from our liquidation business totaled approximately 72% of all the revenue we earned.

Our liquidation operations are currently dependant on two persons. If we were to lose our current operators, the loss could have a material adverse effect on this sector of our business and on our results of operations.

Auction Broadcast Services

We now provide technology and related services to auction houses and galleries to enable them to broadcast auctions live over the Internet, either through eBay Live Auctions or through the use of our proprietary technology.

In a traditional bricks and mortar auction setting, prior to the auction users must register to qualify as bidders. Up until the start of an auction, users are able to preview the merchandise and submit absentee bids. Once the auction begins, the registered users bid against each other for merchandise auctioned at a physical location with the auctioned merchandise being sold to the highest bidder. A typical auction may draw 500 people and have 1,000 lots of merchandise.

Through our auction broadcast services, as used with our proprietary technology or the eBay Live Auctions platform, auction houses and galleries are now empowered with technology that enables them to broadcast their auctions over the Internet in real-time, allowing online bidders to bid against bidders physically present at the location. Like a traditional bricks and mortar auction, users register on-line before the auction begins in order to qualify as bidders, to preview the merchandise and to place absentee bids. Once the auction begins, online bidders bid from their computers in real-time against bidders present at the location (floor bidders) and against each other. Online bidders are invoiced electronically for their winning bids and are able to remit payment electronically. We believe that our technology and services make the online purchase of auction merchandise more convenient for consumers. For auction businesses, we believe that this technology can increase the size of auction audiences by increasing exposure to auctions, increase the final hammer price for merchandise sold and lower overall transaction costs.

We have also developed technology that manages the back-end of the auction, enabling auctioneers to run auctions more efficiently, providing them with tools to automate invoicing, collect payment, track lot popularity, view bidder statistics and demographics, and print graphic reports.

iCollector

Through our subsidiaries, iCollector.com Technologies Ltd. and iCollector International Ltd. (collectively referred to as iCollector throughout this Annual Report), we broadcast auctions live over the Internet using eBay's live auction technology and its platform, eBay Live Auctions. iCollector represents antique, fine art and premium collectible auction houses and galleries, whose inventories typically include fine and decorative arts, modern and contemporary art, memorabilia, wine, fine furniture and collectibles that are obtained primarily from Europe, Canada and the United States. iCollector catalogues its client's inventory and hosts the inventory on its website located at www.icollector.com. Using eBay's live auction technology, iCollector also provides auction-related products and

services to galleries and auction houses for a fee, so that the auctions can be conducted on eBay Live Auctions more efficiently. We provide galleries and auction houses with tools to automate invoicing, collect payment, track lot popularity, view bidder statistics and demographics, and print graphic reports.

During the 2007 fiscal year, our iCollector operations grew by approximately 5%, facilitating 1373 auction sessions. The fee charged to our auction house clients was approximately \$1,500 per auction plus

approximately 5% of the value of the merchandise sold online, which we shared equally between us and eBay. We expect this sector of our business to continue growing.

Through iCollector, we have established a consortium consisting of a number of auction companies with the objective of implementing our live auction technology and solidifying our relationship with eBay Live Auctions. We have also partnered with other service providers in the art, antique and collectible market place in order to further expand our business.

The majority of our services relating to the antique and collectible business and the broadcast of auctions on eBay Live Auctions are dependant on eBay, the performance of its live auction platform, its continued operation of the platform, and our working relationship with it. A disruption in any of the above may have a material adverse affect on our results of operations.

NAALive

We have partnered with the National Auctioneers Association (NAA) to serve as its exclusive online auction contractor to broadcast business and industrial equipment auctions for its members on the website www.NAALive.com. We promote these services to NAA 's estimated 7,000 members with technology that we have developed. This platform is the only web cast technology for live online auctions endorsed by the National Auctioneers Association.

Founded in 1948, the NAA membership is comprised of approximately 7,000 auctioneers worldwide with members in every state in the United States. NAA members represent every facet of the auction industry, including, but not limited to, real estate, automotive, fine art, livestock, equipment and manufacturing.

During the 2007 fiscal year, our NAALive operations grew by approximately 2% and facilitated 271 auction sessions. The fee charged to our auction house clients was approximately \$300 per auction plus approximately 2.0% of the value of the merchandise sold online. We pay the NAA up to 20% of the fees we collect for joint marketing. We expect this sector of our business to continue growing.

As with our iCollector operations, we have developed similar technology, systems and processes to manage the back-end of auction operations and to broadcast live auctions over the Internet, applying our experience in managing and operating auction houses with Internet broadcasting capabilities. Our technology enables auctioneers to manage

auctions more efficiently, providing them with tools to automate invoicing, collect payment, track lot popularity, view bidder statistics and demographics, and print graphic reports.

Like our relationship with eBay Live Auctions, our relationship with the NAA is important to us. If the NAA ceased allowing us to host its auctions, it would have a material adverse effect on our results of operations.

Point of Sale (POS) Software and Services

We also earn revenues from our subsidiary, Rapidfusion Technologies, Inc. Rapidfusion has developed point-of-sale software and services for retailers. Users of these products and services may select from the following packages that we offer:

The Rapidfusion POS (Point-of-Sale) 2007 Professional Single-User (Retail \$3,000) is our full-featured product for medium to large stores needing a comprehensive, standalone point of sale product. This software may be upgraded to add other users, as necessary.

The Rapidfusion POS (Point-of-Sale) 2007 Professional Multi-User (Retail \$3,750) is for medium to large stores requiring two or more terminals (for example, one terminal for inventory management and one terminal for sales) in one complete point of sale product.

The Rapidfusion POS (Point-of-Sale) 2007 Professional Head Office Solution (Retail \$4,000) is designed to manage multiple store branches from one central terminal. This product includes functionality of warehouse or store split-purchase orders, full inventory control with inter-store transfers, customer database management, and the ability to consolidate and track all sales data for multiple store branches.

In 2007, we released an enhanced version of Rapidfusion's point of sale software that includes integrated gift registry functions. We became certified by Paymentech Solutions to use its software and, as a result, were able to integrate credit card and debit card transactions into our software through advanced Paymentech Pin-Pads, replacing existing separate point of sale credit card and debit card terminals with simple pin-pad card readers.

Investment, Real Property Development and Lending

Investment of our cash is managed by Ableauctions.com, Inc. In an effort to expand our business we created Axion Investment Corporation, referred to in this discussion as "Axion", to develop real estate and make short term loans.

The returns on our investments, real property development and lending help to support the development of our liquidation and auction businesses, including the development of new technologies for use by our on-line businesses. We intend to review our real property development and loan operations to determine if these segments of our

business are compatible with our on-line businesses. If our review determines that the businesses are not compatible, we may take steps to divest these businesses.

As of December 31, 2007, our investments were broken down as follows:

| Type of Investment | Amount |
|------------------------------------|-------------|
| Loans | \$1,009,846 |
| Real Property | \$2,736,657 |
| Real Property held for Development | \$4,124,221 |

When we deem it necessary, we use the income earned by these investments to support our operations.

Currently, through Axion, we are developing a vacant parcel of land located at 9655 King George Highway. We acquired the property in August 2005 for \$1,270,000.

We intend to develop the property by improving it with a retail facility of approximately 4,326 square feet and with a residential complex consisting of 111 condominiums of approximately 91,132 square feet. We expect revenue of approximately \$25.6 million (\$25.4 million CAD) from the sale of the commercial and residential units and we estimate that the cost to develop the property will be approximately \$21.4 (\$21.2 million CAD).

We entered into agreements to pre-sell 100% of the 111 residential condominiums prior to construction and have collected approximately \$2.36 million (\$2.34 million CAD) in deposits that are being held in trust with Macdonald Realty Ltd. We paid \$341,446 (\$366,749 CAD) to Macdonald Realty for its services to date. We have committed an additional \$695,806 (\$689,750 CAD) to be paid to Macdonald Realty for the balance of commissions and bonuses due upon the successful completion of the sales and the final transfer of property title.

We received a building permit from the City of Surrey to develop the property and we have advanced refundable performance bonds for service and work totaling \$388,212 (384,833 CAD) as commitment for the development. The estimated date of commencement of construction is April 1, 2008 and the estimated completion date is November 30, 2009.

On March 12, 2008, we obtained an updated conditional credit facility in the amount of \$16.56 million (\$16.42 million CAD) from the Royal Bank of Canada for the development of this project.

Under the terms of the new credit facility, we are required to spend approximately \$4.88 million (\$4.84 million CAD) on the development. As of December 31, 2007, we had spent approximately \$4.12 million (\$4.08 million CAD) including the cost of the land. The credit facility is secured by guarantees from Axion and Ableauctions.com Inc., by a general security agreement covering all of the assets of Axion and by the property. The advances will accrue interest at the prime rate announced by Royal Bank of Canada plus .75% per annum. A fee of \$45,225 (\$48,000 CAD) was paid to the Royal Bank of Canada for arrangement of this credit facility. Of this amount, \$35,378 (\$38,000 CAD) was paid during the 2007 fiscal year with the remaining balance paid during the 2008 fiscal year.

The credit facility was granted subject to a number of conditions, including appraisal of the project, the submission of an environmental report, the submission of a soils report, confirmation of permits and approvals, engagement of a project monitor, submission of a schedule of pre-sales contracts, the purchase of insurance and fixed price contracts for at least 80% of the project's hard construction costs.

As of the date of this Annual Report we have not made any draws against the credit facility.

Subsequent to December 31, 2007, we entered into a Construction Management Agreement with Cantera Management Group Ltd. (Cantera) to manage the development of the project. In consideration of these services, we have agreed to pay Cantera a fixed fee of \$557,855 (\$553,000 CAD) over the term of the contract calculated on a percentage of completion basis.

Based on Cantera's construction cost estimates, we expect the total cost to develop the property will be approximately \$21.4 million (\$21.2 million CAD), which includes the cost of land, professional fees, warranty and insurance costs, development fees, marketing costs, construction and financing costs.

If the development is suspended for any reason, including but not limited to our inability to obtain financing, permits or trades, we will not be able to recover all of our expenses. There can be no assurance that the development will be successful or that developing the property in this manner will increase, or even maintain, its value.

Axion also provides short term loans to various businesses and individuals in Canada. The loans typically have terms of one year, earn interest at the rate of approximately 10% and are secured by real estate, general security agreements and personal guarantees, as appropriate. At December 31, 2007, Axion had outstanding approximately \$1,009,846 in loans.

Competition

Online Auction Companies

We face competition from traditional auctioneers and from online auction companies that seek to use the Internet to sell or auction surplus capital assets, equipment, art or collectibles. The Internet auction industry is rapidly evolving, and intensely competitive, and we expect competition to intensify in the future. A variety of auction web sites are presently available on the Internet that are dedicated to facilitating person-to-person and business-to-person transactions on a bid-based format. These auction services allow sellers to post merchandise on their web sites and buyers to locate items and submit bids online. These services generally organize merchandise by categories and provide descriptions, pictures, or video clips of merchandise offered for sale.

Most of our current and potential competitors have larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than we do and may enter into strategic or commercial relationships with larger, more established companies. Some of our competitors may be able to secure alliances with customers and affiliates on more favorable terms, devote greater resources to marketing and promotional campaigns and devote substantially more resources to systems development than we do. In addition, new technologies and the expansion of existing technologies may increase the competitive pressures on us.

We cannot assure you that we will be able to compete successfully against current or future competitors, and competitive pressures faced by us could harm our business, operating results and financial condition. We do not currently represent a significant competitive presence in the on-line auction industry.

Real Estate Development

The real estate industry is highly competitive, with developers and homebuilders competing for desirable properties, financing, raw materials and skilled labor. We do not represent a significant competitive presence in the real estate development industry and we do not believe that we will ever have a competitive presence in that industry. We have only two real estate development projects.

Government Regulation

Online Auction Companies

Our brick-and-mortar auction houses are generally subject to extensive regulation, supervision, and licensing under various federal, state, and local statutes, ordinances, and regulations. Such laws and regulations may require us to obtain a license or registration, or post a surety or bond as a precondition of doing business within the jurisdiction. In addition, applicable laws may require us to transact business and sell merchandise in accordance with specific guidelines, including the means by which we obtain our merchandise, advertise our auctions, conduct our bidding procedures, close transactions, hold client funds, and other restrictions that may vary from state to state. We cannot guarantee that we will not be subject to actions arising out of violations by our brick-and-mortar auction houses. Such actions may have a material adverse affect on our business and results of operations.

There are currently few laws or regulations that directly apply to access to, or commerce on, the Internet. It is possible that governing bodies may adopt a number of laws and regulations governing issues such as user privacy on the Internet and the pricing, characteristics, and quality of products and services offered over the Internet. It is also possible that government authorities will adopt sales or other taxes involving Internet business. The passage of any such laws may make the cost of doing business much higher for us, which may adversely impact our results of operations. Currently we have no significant expenses associated with legal or regulatory compliance.

Real Estate Development

To date, our real estate development activities have been centered in the general area of Vancouver, British Columbia. In order to develop property in British Columbia, we must comply with various regulations promulgated by the British Columbia Superintendent of Real Estate. These regulations include, but are not limited to, the Real Estate Development Marketing Act of British Columbia. To date, we have not found these regulations burdensome to comply with.

Intellectual Property

We have developed the majority of our software internally. We have taken measures to protect our intellectual property, ranging from confidentiality and non-disclosure agreements for contractors and employees to deploying a

modular development schedule where individual modules of software developed or coded by employees or contractors have no stand-alone benefits until they are integrated with the other modules.

We have registered several Internet domain names.

We attempt to enter into confidentiality and invention assignment agreements with our employees and contractors, and nondisclosure agreements with parties with which we conduct business in order to limit access to and disclosure of our proprietary information. There can be no assurance that these contractual arrangements or the other steps we take to protect our intellectual property will prove sufficient to prevent misappropriation of our technology or to deter independent third party development of similar technologies.

Employees

As of March 15, 2007 we had a total of 30 people employed, including 28 full time staff, 1 consultant and 1 part-time employee. In addition to management, we employ sales people, administrative staff, and development and technical personnel. From time to time, to further reduce expenses, we may employ independent consultants or contractors to support our research and development, marketing, sales and support, and administrative organizations. No collective bargaining units represent our employees. We believe our relations with our employees are good.

Item 1A.

Risk Factors

Our business is subject to a number of risks as outlined below. An investment in our securities is speculative in nature and involves a high degree of risk. You should read this Annual Report carefully and consider the following risk factors:

We depend on eBay for revenue and uninterrupted Internet access and may be harmed by the loss of any such service.

We rely heavily on eBay's servers for uninterrupted Internet access and the ability to offer our customers live auction technology that accesses eBay's clients. Our agreement with eBay governs the conduct of auctions on eBay's website and may be terminated on short notice or without notice. Our business is dependent on eBay's uninterrupted Internet access, its servers and its continued operation of the live auction platform on eBay Live Auction. The loss of any of these services or this agreement would have a material adverse effect on our business, financial condition, and operating results. We cannot assure you that we would be able to obtain these services from other parties or that we can renew our eBay agreement.

Our operating results fluctuate significantly and may be impacted by factors that are beyond our control. This makes it difficult to accurately predict what the revenues from our operations will be.

Our operating results have varied on a quarterly basis during our operating history and may fluctuate significantly as a result of a variety of factors, many of which are outside of our control. Factors that may affect our quarterly operating results include

- .
our ability to attract new clients to use our services;
- .
the announcement or introduction of new sites, services and products by our competitors;
- .
the success of our marketing campaigns;
- .
price competition;
- .
the level of use of the Internet and online services;

our ability to upgrade and develop our systems and infrastructure to accommodate growth;

the amount and timing of operating costs and capital expenditures relating to expansion of our business, operations and infrastructure; and

general economic conditions as well as economic conditions specific to the Internet and online commerce industries.

Due to the foregoing factors, our quarterly revenues and operating results are difficult to forecast. We believe that period-to-period comparisons of our operating results may not be meaningful and should not be relied upon as an indication of future performance.

Our core business is done through the Internet and requires us to be able to include all the bidders that care to bid at the auctions we facilitate. However, we may be subject to capacity constraints and system development risks that could damage our customer relations or inhibit our possible growth.

Our business of facilitating on-line auctions means that anyone, anywhere in the world, could log onto the auction website to bid. We cannot be sure how many bidders will attend an auction on-line. Our success and our ability to provide high quality customer service largely depends on the efficient and uninterrupted operation of our computer and servers, Internet and communications systems and the computers and communication systems of third party vendors in order to accommodate any significant numbers or increases in the numbers of consumers and businesses using our services. Our success also depends on our abilities, and that of our vendors, to rapidly expand transaction-processing systems and network infrastructure without any systems interruptions in order to accommodate any significant increases in the use of our service.

We cannot assure you that the vendors or partners we have selected and will select in the future will be capable of accommodating any significant number or increases in the number of consumer and auction houses using our services. Such failures will have a material adverse affect on our business and results of operations. We may experience periodic systems interruptions and down time caused by traffic to our web site and technical difficulties, which may cause customer dissatisfaction and may adversely affect our results of operations. Limitations of our technology infrastructure and that of our vendors may prevent us from maximizing our business opportunities.

Substantially all of the computer hardware for operating our service is currently located at the facilities of Telus in British Columbia. These systems and operations are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunication failures, break-ins, sabotage, intentional acts of vandalism and similar events.

We do not presently have fully redundant systems, a formal disaster recovery plan or alternative providers of hosting services and we do not carry sufficient business interruption insurance to compensate for losses that may occur. Any damage to or failure of the systems could result in reductions in, or terminations of, the Ableauctions service, which could have a material adverse effect on our business, results of operations and financial condition.

Changing technology may render our equipment, software, and programming obsolete or irrelevant.

The market for Internet-based products and services is characterized by rapid technological developments, frequent new product introductions, and evolving industry standards. The emerging character of these products

and services and their rapid evolution will require that we continually improve the performance, features, and reliability of our Internet-based products and services, particularly in response to competitive offerings. We cannot guarantee that we will be successful in responding quickly, cost effectively, and sufficiently to these developments. In addition, the widespread adoption of new Internet technologies or standards could require substantial expenditures by us to modify or adapt our Internet sites and services and could fundamentally affect the character, viability, and frequency of Internet-based advertising, either of which could have a material adverse effect on our business, financial condition, and operating results. In addition, new Internet-based products, services, or enhancements offered by us may contain design flaws or other defects that could require costly modifications or result in a loss of consumer confidence, either of which could have a material adverse effect on our business, financial condition, and operating results.

Our inventory liquidation business, Unlimited Closeouts, Inc., is dependent on a small number of customers.

Unlimited Closeouts, Inc., our inventory liquidation business, accounted for approximately 72% of our revenues during the 2007 fiscal year. Ten customers accounted for approximately 70% of these revenues, with the largest customer accounting for approximately 50% of the revenues. If we were to lose any one of these customers, it could have a material adverse effect on the business of Unlimited Closeouts, Inc. and on our results of operations.

If we cannot protect our Internet domain names, our ability to conduct our operations may be impeded.

We anticipate that the Internet domain names `ableauctions.com` , `icollector.com` , `itrustee.com` and various others will be an extremely important part of our business and the business of our subsidiaries. Governmental agencies and their designees generally regulate the acquisition and maintenance of domain names. The regulation of domain names in the United States and in foreign countries may be subject to change. Governing bodies may establish additional top-level domains, appoint additional domain name registrars, or modify the requirements for holding domain names. As a result, we may be unable to acquire or maintain relevant domain names in all countries in which we conduct business. We may be unable to prevent third parties from acquiring domain names that are similar to, infringe on, or otherwise decrease the value of our trademarks and other proprietary rights. Third parties have acquired domain names that include `auctions` or other variations both in the United States and elsewhere.

Our success depends on the services of Abdul Ladha, Paul Piotrowski and Erick Richardson, the key employees of Ableauctions.com, Inc., iCollector.com Technologies Ltd. and Unlimited Closeouts Inc. respectively

Our future success will depend on Abdul Ladha, our Chief Executive Officer and President, Paul Piotrowski, manager of iCollector.com Technologies Ltd. and Erick Richardson, manager of Unlimited Closeouts Inc. The loss of any one

of these individuals could have an adverse effect on our operations. We do not maintain insurance to cover the loss that may result from the death of any one of these individuals.

The e-commerce industry is highly competitive, and we cannot assure you that we will be able to compete effectively.

The market for broadcasting auctions, providing auction technology, liquidating inventory over the Internet and point of sale services is rapidly evolving and intensely competitive and we expect competition to intensify further in the future.

We believe that the principal competitive factors in the online auction and liquidation markets are volume and selection of goods, population of buyers, customer service, reliability of delivery and payment by users, brand recognition, web site convenience and accessibility, price, quality of search tools, and system reliability. Many of our current and potential competitors have longer operating histories, larger customer bases, greater brand recognition, and significantly greater financial, marketing, technical, and other resources than we have.

Certain of our competitors with other revenue sources may be able to devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing policies, and devote substantially more resources to web site and systems development than we can or may try to attract traffic by offering services for free. We cannot assure you that we will be able to compete successfully against current and future competitors. Further, as a strategic response to changes in the competitive environment, we may, from time to time, make certain pricing, service, or marketing decisions that could have a material adverse effect on our business, results of operations, and financial condition.

Our business may be subject to government regulation and legal uncertainties that may increase the costs of our operations or limit our ability to generate revenues.

We are subject to the same federal, state, and local laws as other companies conducting business on the Internet. Today there are relatively few laws specifically directed towards online services. However, due to the increasing popularity and use of the Internet and online services, it is possible that laws and regulations will be adopted regarding the Internet or online services. These laws and regulations could cover issues such as online contracts, user privacy, freedom of expression, pricing, fraud, content and quality of products and services, taxation, advertising, intellectual property rights, and information security. Applicability to the Internet of existing laws governing issues such as property ownership, copyrights and other intellectual property issues, taxation, libel, obscenity, and personal privacy is uncertain. In addition, numerous states have regulations regarding the manner in which auctions may be conducted and the liability of auctioneers in conducting such auctions.

Due to the global nature of the Internet, it is possible that the governments of other countries might attempt to regulate our transmissions or prosecute us for violations of their laws. We might unintentionally violate such laws. Such laws may be modified, or new laws may be enacted, in the future. Any such development could damage our business.

Our business may be subject to sales and other taxes, which may cause administrative difficulties and increase our cost of operations.

We will collect applicable sales and other similar taxes on goods sold on our web site. One or more states may seek to impose additional sales tax collection obligations on companies such as ours that engage in or facilitate online commerce. Several proposals have been made at the state and local level that would impose additional taxes on the sale of goods and services through the Internet. These proposals, if adopted, could substantially

impair the growth of electronic commerce and could diminish our opportunity to derive financial benefit from our activities.

In the future, laws making us liable for the activities of users of our services could be passed, which would adversely affect our business, operations and financial condition.

The law relating to the liability of providers of online services for activities of their users of the service is currently unsettled. There can be no assurance that we will be able to prevent the unlawful exchange of goods on our service or that we will successfully avoid civil or criminal liability for unlawful activities carried out by users of our services.

The imposition of potential liability on us for unlawful activities of users of our services could require us to implement measures to reduce our exposure to such liability, which may require us, among other things, to spend substantial resources and/or to discontinue certain service offerings. Any costs incurred as a result of such liability or asserted liability could have a material adverse effect on our business, results of operations and financial condition.

In addition, our success depends largely on sellers reliably delivering and accurately representing the working condition of auctioned goods and buyers paying the auctioned price. While we can suspend the accounts of users who fail to fulfill their obligations, beyond crediting sellers with the amount of their fees in certain circumstances, we do not have the ability to otherwise require users to make payments or deliver goods and we do not compensate users who believe they have been defrauded by other users. Any resulting litigation could be costly for us, divert management's attention from our business and could result in increased costs of doing business, or otherwise have a material adverse effect on our business, results of operations and financial condition.

We conduct a significant amount of our business online, however such activities may not be secure. If a breach of security occurred, our reputation could be damaged and we could be sued.

A significant barrier to online commerce and communications is the secure transmission of confidential information over public networks. Currently, a significant number of Ableauctions' users authorize us to bill their credit card accounts directly for all transaction fees charged by us. We rely on encryption and authentication technology licensed from third parties to provide the security and authentication technology to effect secure transmission of confidential information, including customer credit card numbers. There can be no assurance that advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments will not result in a compromise or breach of the technology used by us to protect customer transaction data. If any such compromise of our security were to occur, it could have a material adverse effect on our reputation and, therefore, on our business, results of operations and financial condition.

During 2007, a significant portion of our income resulted from loans we made to third parties. While we try to adequately secure the loans we make, we cannot guarantee you that these loans will always be recovered if a default were to occur.

In 2005 we expanded our business to include loaning funds to individuals and businesses in the Vancouver, British Columbia area. During 2007, revenues from these loans totaled \$397,977. The loans we make are always secured, generally by real property. We obtain appraisals or assessments of the property prior to making

the loans. However, in the event of an economic downturn, the value of the property could decline and the loan become unsecured. If that were to happen, and a default in payment occurred, we may be unable to recover the funds that were loaned. This could have a material, adverse affect on our revenues.

During 2005 we further expanded our business to include property development. In order to develop property, we must advance significant funds which if the development fails we may not be able to recover.

We are currently developing two properties for mixed commercial and residential use and, as opportunities arise, we may develop other properties in the future. In order to develop property, we must spend a significant amount of time and money. We must acquire the property, have plans prepared, obtain zoning approvals and permits and build and sell the project. During any phase of the project we could experience delays (such as in obtaining permits) or unforeseen problems (such as labor disputes, increasing materials costs, or an inability to obtain adequate financing). Even if we are able to build the project, the market for the units we build could decline. We cannot guarantee you that our building projects will be successful or that we will be able to recover the money we put into them. If our building projects are unsuccessful, our business and our cash flow will be materially adversely affected.

Even though we will obtain homeowner warranties for our building project from a registered insurer, we will still be liable for up to \$2.52 million (\$2.5 million CAD) in the event that significant warranty claims are made. If we were required to pay this entire amount, it could have a material adverse effect on our cash flow and results of operations.

We are currently developing the property located at 9655 King George Highway for mixed commercial and residential use in British Columbia. Under the Homeowner Protection Act in British Columbia (1999), we are required to provide warranties (commonly referred to as a 2-5-10 Home Warranty Certificate) for new home buyers through a registered insurer or warranty provider. For our development located at 9655 King George Highway, we have paid approximately \$150,000 to register for the home warranty program with Travelers Warranty. In the event one or more purchasers of the condominium units makes a claim during the warranty period, the insurer can require us to repair any deficiencies at our expense or deny the claim. The comprehensive 2-5-10 Home Warranty Certificate provides new home buyers with protection and coverage on new homes for the following:

- Year 1 Any defect in materials and labor
- Year 2 Defects in materials and labor supplied for:

§

gas, electrical, plumbing, heating ventilation and air-conditioning delivery and distribution systems;

§
exterior cladding, caulking, windows and doors that may lead to detachment or material damage to the new home;

§
coverage for any defects in materials and labor rendering the new home unfit to live in; and

§
subject to Subsection A.1.2., coverage for non-compliance or a violation of the building code

5 Year Building Envelope Warranty - coverage for the building envelope for up to five years for defects in the building envelope of a new home, including a defect which permits unintended water penetration such that it causes, or is likely to cause, material damage to the new home.

10 Year Structural Defects Warranty - coverage for structural defects for up to ten years for any defect in materials and labor that results in the failure of a load bearing part of the new home; and any defect which causes structural damage that materially and adversely affects the use of the new home for residential occupancy.

Our liability, once the development is complete and we sell the condominium units, is \$100,878 (\$100,000 CAD) per unit to a maximum of \$2.52 million (\$2.5 million CAD) for the entire project. If there were major defects in the construction of the condominium units and we were required to pay the entire \$2.52 million (\$2.5 million CAD), our cash flows and results of operations could be materially adversely affected.

Despite the insurance that we carry for the development of our properties, we could still be liable for the activities of our general contractor or the sub-contractors hired by our general contractor. If we were found to be liable for the acts or omissions of our general contractor or a subcontractor, our business, operations and financial condition could be materially adversely affected.

We carry course of construction insurance in the amount of \$14.6 million (\$14.5 million CAD) and a wrap-around liability policy in the amount of \$5.04 million (\$5 million CAD) for the construction of the project located at 9655 King George Highway, Surrey, British Columbia. Despite our best efforts to cover any foreseeable losses related to our acts or omissions, we could be found liable for the acts or omissions of our general contractor or any of our sub-contractors. For example, if a crane at the building site were to fall and injure or kill someone, we could be held liable for the damages sustained by the plaintiff on the theory that we were negligent in failing to adequately investigate the background of the general contractor. If our insurance did not cover the loss and we were required to pay damages to the plaintiff, our business, results of operations and financial condition could be materially adversely affected.

Our stock price is subject to extreme volatility.

The trading price of our common stock is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as actual or anticipated variations in our quarterly operating results, announcements of technological innovations, or new services offered by us or by our competitors, changes in financial estimates by securities analysts, conditions or trends in the Internet and online commerce industries, changes in the market valuations of other Internet or online service companies, announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments, additions or departures of key personnel, sales of our common stock or other securities in the open market and other events or factors, many of which are

beyond our control. Further, the stock markets in general, and the market for Internet-related and technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. The trading prices of many technology companies stocks do not accurately reflect the valuations of these companies. There can be no assurance that trading prices and valuations will be sustained. These broad market

and industry factors may materially and adversely affect the market price of our common stock, regardless of our operating performance. Market fluctuations, as well as general political and economic conditions such as recession or interest rate or currency rate fluctuations, may also adversely affect the market price of the common stock.

The market price of our common stock may be adversely affected if too much of it is sold at once.

Sales of substantial amounts of our common stock (including shares issued upon the exercise of outstanding options) in the public market could adversely affect the market price of our common stock. Such sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

The posting of inventory using third party technology (e.g., eBay) or our own technology may expose us to certain liabilities.

The posting of inventory using third party technology (e.g., eBay) or our own technology may expose us to certain liabilities. The inventory posted for sale, whether it belongs to us or to a client, may not be free of liens or encumbrances, may violate laws, may cause damage, death or harm, may be unsuitable for the use suggested, may be counterfeited, misrepresented, damaged, illustrated incorrectly or not authentic, or may be damaged during delivery or shipment. In addition, the posting of the image of inventory may illustrate or describe the inventory incorrectly or violate trademarks or copyrights belonging to others. Further, the parties to the auction may fail to consummate the transaction or act fraudulently or dishonestly. Finally, we may make errors in posting a catalogue for a client such as missing an item, incorrectly uploading the information, posting erroneous starting times, inadvertently (or through equipment malfunctions, data crashes, viruses, hackers, etc.) omitting the catalogue altogether or losing the client's data. Any such occurrences could cause harm to our reputation or result in a loss of clients or customers, any of which could adversely impact our results of operations.

We have invested our assets in securities such as stocks, bonds, mortgage loans, real estate and income trusts. If these investments decline in value, we may suffer significant losses.

As of December 31, 2007, our holdings included the following:

| Type | Carrying Amount | % of Total Assets |
|------|-----------------|-------------------|
|------|-----------------|-------------------|

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| | | | |
|-----------------------------|-----------|-------------------|--------------|
| Cash & Current Assets | \$ | 3,635,823 | 25 % |
| Other Assets | \$ | 1,405,436 | 10 % |
| Real Estate (head office) | \$ | 2,736,657 | 19 % |
| Real Estate (development) | \$ | 4,124,221 | 29 % |
| Real Estate (Joint Venture) | \$ | 1,507,403 | 10 % |
| Loans | \$ | 1,009,846 | 7 % |
| Total | \$ | 14,419,386 | 100 % |

All of our investments are subject to market risks and their values may increase or decrease daily depending on factors affecting their respective markets, which we cannot control. Dividends and distributions are not

guaranteed and may be terminated or reduced at any time. Even if dividends or distributions are maintained, the gains made from the dividends or distributions may be lost by a decline in the price of the security. Price changes may occur in the market as a whole, or they may occur in only a particular company, industry, or sector of the market. Real estate values and mortgage loans can be seriously affected by factors such as interest rate fluctuations, bank liquidity, the availability of financing, and by factors such as a zoning change or an increase in property taxes. Since the majority of our investments are held in Canadian funds, currency fluctuations may affect the value of our portfolio significantly. There can be no assurance that the securities and other assets in which we have invested will increase, or even maintain, their value.

A majority of our obligations, investments and expenditures with respect to our operations are incurred in a foreign currency.

While our financial results are quantified in U.S. dollars, a majority of our obligations, investments and expenditures with respect to our operations may be incurred in Canadian dollars. We may have market risks relating to our operations resulting from foreign exchange rates if we enter into financing or other business arrangements denominated in currency other than the U.S. dollar. Variations in the exchange rate may give rise to foreign exchange gains or losses that may be significant.

Unexpected rate hikes in insurance premiums could adversely affect our business and results of operations.

Our business may be subject to significant insurance rate increases, which may make it difficult for us to obtain the appropriate risk coverage or liability insurance, creating administrative difficulties in keeping board members and increasing the cost of our operations.

Due to the risks involved with insuring Internet related businesses, it is possible that we could be denied insurance coverage or not be able to afford it. Lack of insurance coverage could make it difficult to retain key employees and board members or to attract suitable employees, which could seriously impede our performance and profitability and our ability to conduct our business.

If the American Stock Exchange determines that our common stock does not meet its listing criteria, our stock could be delisted.

We are not under any immediate threat to be delisted from the American Stock Exchange and the American Stock Exchange has not taken any action in notifying us of any concerns surrounding the listing. However, the American Stock Exchange may change its listing requirements or we may not be able to meet the listing criteria. If our common stock were delisted from the American Stock Exchange, it would be traded on the Over-the-Counter Bulletin Board, which is merely a quotation system, not an issuer listing service. Buying and selling securities on the Over-the-Counter Bulletin Board is not as efficient as buying and selling securities on an exchange, therefore, if our common stock ceased to be traded on the American Stock Exchange it would likely be more difficult for you to sell your stock or to receive the best price for your stock.

In 2002 we acquired iCollector PLC. This business eventually failed. We cannot guarantee that we will be able to successfully incorporate into our business model the acquisitions that we make, or that the acquisitions we make will be profitable.

In 2002 we acquired iCollector PLC, which eventually failed. However, we may still, in the future, acquire businesses, technologies, services or products that we believe are strategic. There can be no assurance that we will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with our current business. The process of integrating an acquired business, technology, service or product into our operations may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of our business. Moreover, there can be no assurance that the anticipated benefits of any acquisition will be realized. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and other intangible assets, which could materially adversely affect our business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require us to obtain additional equity or debt financing, which might not be available on terms favorable to us, or at all, and such financing, if available, might be dilutive.

We may be unable to adequately protect our intellectual property.

We own the trademarks Ableauctions, Unlimited Closeouts, iTrustee and iCollector. The Company regards the protection of its copyrights, service marks, trademarks, trade dress and trade secrets as critical to its future success and relies on a combination of copyright, trademark, service mark and trade secret laws and contractual restrictions to establish and protect its proprietary rights in products and services. The Company attempts to enter into confidentiality and invention assignment agreements with its employees and contractors, and nondisclosure agreements with parties with which it conducts business in order to limit access to and disclosure of its proprietary information. There can be no assurance that these contractual arrangements or the other steps taken by the Company to protect its intellectual property will prove sufficient to prevent misappropriation of the Company's technology or to deter independent third party development of similar technologies. The Company will pursue the registration of some of its trademarks and service marks in the U.S. and Canada, however, it continues to rely on common law to protect its intellectual property. Effective trademark, service mark, copyright and trade secret protection may not be available in every country in which the Company's services are made available online. The Company has licensed in the past, and expects that it may license in the future, certain of its proprietary rights, such as trademarks or copyrighted material, to third parties. While the Company attempts to ensure that the quality of the Ableauctions or iCollector brand is maintained by such licensees, there can be no assurance that such licensees will not take actions that might materially adversely affect the value of the Company's proprietary rights or reputation, which could have a material adverse effect on the Company's business, results of operations and financial condition.

We could lose the right to use third party technologies on which we rely, such as eBay's online auction technology. If that were to happen, it would have a material adverse affect on our business, results of operations and financial condition.

The Company relies on certain technologies that it licenses from third parties, such as eBay's online auction technology. There can be no assurance that these third party technology licenses will continue to be available to the Company on commercially reasonable terms. The loss of such technology could require the Company to obtain substitute technology of lower quality or performance standards or at greater cost, which could materially adversely affect the Company's business, results of operations and financial condition.

We may infringe on the proprietary rights of others, which could have a material adverse effect on our business, results of operations and financial condition.

There can be no assurance that third parties will not claim infringement by the Company with respect to past, current or future technologies. The Company expects that participants in its markets will be increasingly subject to infringement claims as the number of services and competitors in the Company's industry segment grows. Any such claim, whether meritorious or not, could be time consuming, result in costly litigation, cause service upgrade delays or require the Company to enter into royalty or licensing agreements. Such royalty or licensing agreements might not be available on terms acceptable to the Company or at all. As a result, any such claim could have a material adverse effect upon the Company's business, results of operations and financial condition.

We have been sued for claims relating to our discontinued operations and we may have more such claims.

In 2002 it was determined that iCollector PLC could not sustain its operations based on its existing cash resources and infrastructure. iCollector PLC then ceased operations and a restructuring plan was adopted. In January 2002 iCollector PLC was placed into formal bankruptcy proceedings pursuant to the laws of the United Kingdom. In 2002, Ableauctions.com (Washington) Inc., our wholly owned subsidiary, ceased its bricks and mortar operations in San Mateo and San Francisco. In connection with the termination of these operations, we have received a number of claims from various alleged creditors. We cannot assure you that no additional claims will arise from these discontinued operations. Furthermore, subsequent claims may force Ableauctions.com (Washington) Inc. to declare bankruptcy.

Item 2.

Description of Property

We invest in real property and real property development when we find opportunities that we believe will provide us with a reasonable rate of return with only moderate or low risk. Thus far, with the exception of our corporate office, which is partially rented to an unrelated third party, we have acquired these assets solely for capital gain, and not with a view toward deriving income from them on a long-term basis. We have no limitations on the percentage of assets that may be invested in any one investment, although our policy, which is established by our board of directors and is not subject to approval by our shareholders, has been to keep our investments diversified in approximately equal percentages. Depending on various factors including the timing of opportunities, the cash we have available to invest, the type of investment, the risk associated with the investment, the overall state of the economy and the strength of certain markets, we may change our policy relating to diversifying our investments. Currently, our investments in real estate include the following:

1963 Lougheed Highway - On February 24, 2005 we purchased the building located at 1963 Lougheed Highway, Coquitlam, British Columbia, in which our corporate headquarters are located. The property consists of 19,646 square feet of commercial space and 2,300 square feet of residential space and is located on approximately eight-tenths of an acre. The purchase price was \$2,221,316 and the effective date of the transaction was January 1, 2005. A portion of the property continues to be leased to two tenants. We occupy approximately 11,000 square feet. These premises are in good condition and suitable for our operations. We believe that the property is adequately insured. We have listed the property for sale for approximately \$3,782,925 (\$3,750,000 CAD) with the intention of leasing it back for a period of 5 years.

On October 11, 2006, we arranged for a credit facility in the amount of \$1,785,714 (\$2,000,000 CAD) (the Credit Facility) from the Royal Bank of Canada (the Bank) for our subsidiary, Axion Investment Corp. The Credit Facility bears interest at the prime rate as announced by the Bank, plus 0.50% per year. Payments of interest and principal in the amount of \$13,855 (\$14,914 CAD) are due each month. Repayment of the Credit Facility is secured by a mortgage, which includes an assignment of rents, recorded against the property and by a guarantee and a postponement of claim signed by us in favor of the Bank. (A postponement of claim prevents us from making any claim against the borrower until the Bank is paid in full.) The Bank may exercise its rights and remedies under the mortgage upon default in the payment of the Credit Facility. Subsequent to December 31, 2006, additional loan advances were made under the facility, with the same terms as above.

9655 King George Highway - On August 19, 2005, we completed the purchase of real property located at 9655 King George Highway, Surrey, British Columbia V3T 2V3 from Imara Venture Ltd. The total purchase price was \$1,270,000.

We intend to develop the property by improving it with a retail facility of approximately 4,326 square feet and with a residential complex consisting of 111 condominiums of approximately 91,132 square feet. We expect revenue of approximately \$25.6 million (\$25.4 million CAD) from the sale of the commercial and residential units and we estimate that the cost to develop the property will be approximately \$21.4 million (\$21.2 million CAD).

We entered into agreements to pre-sell 100% of the 111 residential condominiums prior to construction and we have collected approximately \$2.36 million (\$2.34 million CAD) in deposits that are being held in trust with Macdonald Realty Ltd. We paid \$341,446 (\$366,749 CAD) to Macdonald Realty for its services to date. We have committed an additional \$695,806 (\$689,750 CAD) to be paid to Macdonald Realty for the balance of commissions and bonuses due upon the successful completion of the sales and the final transfer of property title.

We have received a building permit from the City of Surrey to develop the property and have advanced \$388,212 (384,833 CAD) for refundable performance bonds for service and work. The estimated date of commencement of construction is April 1, 2008 and the estimated completion date is November 30, 2009.

On March 12, 2008, we obtained an updated conditional credit facility in the amount of \$16.56 million (\$16.42 million CAD) from the Royal Bank of Canada for this development.

Under the terms of the new credit facility, we are required to spend approximately \$4.88 million (\$4.84 million CAD) on the development. As of December 31, 2007, we had spent approximately \$4.11 million (\$4.08 million CAD) including the cost of our land. The credit facility is secured by guarantees from Axion Investment Corporation and

Ableauctions.com Inc., by a general security agreement covering all the assets of Axion Investment Corporation and by the property. The advances will accrue interest at the prime rate announced by Royal Bank of Canada plus .75% per annum. A fee of \$45,225 (\$48,000 CAD) was paid to the Royal Bank of Canada for arrangement of this credit facility. Of this amount, \$35,378 (\$38,000 CAD) was paid during the 2007 fiscal year and the balance was paid during the 2008 fiscal year.

The approval of the credit facility was conditioned upon a number of requirements, including obtaining an appraisal of the project, obtaining an environmental report, obtaining a soils report, receiving confirmation of permits and approvals, engaging of a project monitor, preparing a schedule of pre-sales contracts, obtaining insurance and obtaining fixed price contracts for at least 80% of the project hard construction costs.

Subsequent to December 31, 2007, we entered into a Construction Management Agreement with Cantera Management Group Ltd. (Cantera) to manage the development of the project.

In consideration of these services, we have agreed to pay Cantera a fixed fee of \$557,855 (\$553,000 CAD) over the term of the contract calculated on a percentage of completion basis.

Based on Cantera's construction cost estimates, we expect the total cost to develop the property will be approximately \$21.4 million (\$21.2 million CAD), which includes the cost of land, professional fees, warranty and insurance costs, development fees, marketing costs, construction and financing costs.

If the development is suspended for any reason, including but not limited to our inability to obtain financing, permits or trades, we will not be able to recover all of our expenses. There can be no assurance that the development will be successful or that developing the property in this manner will increase, or even maintain, its value.

TOWNSHIP HOLDINGS Ltd. - 20514 - 80th Avenue and 20542 - 80th Avenue, Langley, British Columbia - On July 14, 2006 Axion Investment Corp. entered into a Joint Venture Agreement (Agreement) with two unrelated parties, Canitalia Industries Ltd. and 449991 B.C. Ltd., for the purpose of purchasing two vacant lots for development. The lots are comprised of approximately 4.72 acres and are commonly known as 20514 - 80th Avenue and 20542 - 80th Avenue, Langley, British Columbia V3T 2V3 (the Property). The Property was purchased on August 14, 2006 for a purchase price of \$2.66 million (\$2.99 million CAD).

Pursuant to the Agreement, Township Holdings Ltd. (THL), was formed. Each of the parties to the Agreement owns a one-third interest in THL and each has appointed one member to THL's board of directors. Through THL, we intend to apply for re-development of the lots by sub-division and then intend to resell or develop the sub-divided lots, although there is no assurance that THL will do this.

All expenses incurred and all profits earned by THL in conjunction with the project are to be allocated in equal shares among the parties to the Agreement.

Other Property

We lease 1,000 square feet of office space located at Suite 217, 323 East Matilija Street, Ojai, California. The monthly payments are \$1,713 and the lease term is five years. The lease term began in April 2006. The facility serves as the operating office for Unlimited Closeouts Inc. The premises are in good condition and suitable for the

operations of Unlimited Closeouts Inc.

In December 2006, we entered into a three year lease of approximately 2,851 square feet of storage space from Bullion Reef Holdings Ltd., a private company wholly-owned by the spouse of our President, Abdul Ladha.

The monthly rent on the property, located at 3112 Boundary Road, Coquitlam, British Columbia, was approximately \$1,792 (\$1,777 CAD) based on a triple-net lease. In 2007 the building was sold and the inventory from the location was moved to storage trailers and a smaller warehouse located in Burnaby, British Columbia. The approximate rent for the storage facility is \$1,500 per month and the rental term is month-to-month.

In July 2007, we entered into an agreement with Petrocanada which permitted us to encroach onto Petrocanada's property in order to facilitate excavation of our development located at 9655 King George Highway in Surrey, British Columbia and to lease a workshop and vacant land. The property is used for storage and access to the construction site. The duration of the agreement is for one year. The monthly rent on the property is \$2,521 (\$2,500 CAD) plus an additional \$201 (\$200 CAD) for property taxes.

Item 3.

Legal Proceedings

Not applicable.

Item 4.

Submission of Matters to a Vote of Security Holders

Not applicable.

PART II

Item 5.

Market for Common Equity and Related Stockholder Matters

Our common stock has traded on the American Stock Exchange since June 29, 2000 under the symbol AAC. Prior to June 29, 2000 our common stock traded on the Over-the-Counter Bulletin Board (OTCBB) under the symbol ABLC. The range of high and low sale prices per share for our common stock for each quarter during the period from January

1, 2006 through December 31, 2007, as published by the American Stock Exchange and is set forth below.

Quarterly Common Stock Price Ranges

| Quarter Ended | 2006 | |
|----------------------|-------------|------------|
| | High | Low |
| March 31 | \$0.46 | \$0.42 |
| June 30 | \$0.34 | \$0.33 |
| September 30 | \$0.27 | \$0.26 |
| December 31 | \$0.20 | \$0.18 |

| Quarter Ended | 2007 | |
|----------------------|-------------|------------|
| | High | Low |
| March 31 | \$0.19 | \$0.18 |
| June 30 | \$0.19 | \$0.17 |
| September 30 | \$0.21 | \$0.20 |
| December 31 | \$0.15 | \$0.13 |

There were 576 record holders of our common stock as of March 25, 2008. This number does not include an indeterminate number of shareholders whose shares are held by brokers in street name.

We have not paid dividends on our common stock since our inception. The decision to pay dividends on common stock is within the discretion of the Board of Directors. It is our current policy to retain any future earnings to finance the operations and growth of our business.

Recent Sales of Unregistered Securities

Not applicable

Securities authorized for issuance under equity compensation plans

The Board of Directors has authorized the following equity compensation plans:

Ableauctions.com, Inc. 2002 Stock Option Plan for Directors.

In 2002, the Board of Directors adopted the Ableauctions.com, Inc. 2002 Stock Option Plan for Directors (the Directors Plan). The purpose of the Directors Plan is to attract and retain the services of experienced and

knowledgeable individuals to serve as our directors. On the date the Directors Plan was adopted, the total number of shares of common stock subject to it was 2,653,631. This number of shares may be increased on the first day of January of each year so that the common stock available for awards will equal 5% of the common stock outstanding on that date, provided, however, that the number of shares included in the Directors Plan may not exceed more than 10% of all shares of common stock outstanding. The Directors Plan is administered by the Board of Directors, or any Committee that may be authorized by the Board of Directors, so long as any such Committee is made up of Non-Employee Directors, as that term is defined in Rule 16(b)-3(b) of the Securities Exchange Act of 1934. The grant of an option under the Directors Plan is discretionary. The exercise price of an option must be the fair market value of the common stock on the date of grant. An option grant may be subject to vesting conditions. Options may be exercised in cash, or with shares of the common stock of the Company already owned by the person. The term of an option granted pursuant to the Directors Plan may not be more than 10 years.

Ableauctions.com, Inc. 2002 Consultant Stock Plan.

In 2002 the Board of Directors adopted the Ableauctions.com, Inc. 2002 Consultant Stock Plan (the Consultants Plan). The purpose of the Consultants Plan is to be able to offer consultants and others who provide services to the Company the opportunity to participate in the Company's growth by paying for such services with equity awards. The total number of shares of common stock subject to the Consultants Plan was increased from 6,500,000 to 25,000,000 as approved by the Board of Directors in 2003. The Consultants Plan is administered by the Board of Directors, or any Committee that may be authorized by the Board of Directors. Persons eligible for awards under the Consultants Plan may receive options to purchase common stock, stock awards or stock restricted by vesting conditions. The exercise price of an option must be no less than 85% of the fair market value of the common stock on the date of grant. An option grant may be subject to vesting conditions. Options may be exercised in cash, or with shares of the common stock of the Company already owned by the person or with a fully recourse promissory note. The term of an option granted pursuant to the Consultants Plan may not be more than 10 years.

Ableauctions.com, Inc. 1999 Stock Option Plan.

In 1999 the Board of Directors adopted the Ableauctions.com, Inc. 1999 Stock Option Plan (the Option Plan). The purpose of the Option Plan is to be able to retain the services of employees and consultants and others who are valuable to the Company and to offer incentives to such persons to achieve the objectives of the Company's shareholders. The total number of shares of common stock subject to the Option Plan is 10,900,000. The Option Plan is administered by the Board of Directors, or any Committee that may be authorized by the Board of Directors, so long as any such Committee is made up of Non-Employee Directors, as that term is defined in Rule 16(b)-3(b) of the Securities Exchange Act of 1934. Persons eligible for awards under the Option Plan may receive, if they are eligible, incentive options to purchase common stock. If a recipient does not receive an incentive option, he or she will receive a non-qualified stock option. The exercise price of an option must be no less than the fair market value of the common stock on the date of grant, unless the recipient of an award owns 10% or more of the Company's common stock, in which case the exercise price of an incentive stock option must not be less than 110% of the fair market value. An option grant may be subject to vesting conditions. Options may be exercised in cash, or with shares of the common stock of the Company already owned by the recipient of the award. The term of an option granted pursuant to the Option Plan may not be more than five years if the option is an incentive option granted to a recipient who owns 10% or more of the Company's common stock, or 10 years for all other recipients and for recipients of non-qualified stock options.

The following table illustrates, as of December 31, 2007, information relating to all of our equity compensation plans.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column 2) |
|--|---|---|---|
| Equity Compensation Plan Approved by Security Holders 2002 Consultant Stock Plan | 25,000,000 | \$0.40 | 325,000 |
| Equity Compensation Plan Approved by Security Holders 1999 Stock Option Plan | 10,900,000 | \$0.40 | 1,813,631 |
| Equity Compensation Plan Not Approved by Security Holders 2002 Stock Option Plan for Directors | 2,653,631 | \$0.40 | 0 |

Repurchase of Common Stock

During the fiscal year, we made the following purchases of our common stock:

| Month | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program | Maximum Number (or Approximate Dollar Value) of Shares that may yet Be Purchased Under the Plan or Program |
|-----------|----------------------------------|------------------------------|--|--|
| August | 963,162 | \$0.197 | 963,162 | 0 |
| September | 305,359 | \$0.202 | 305,359 | 0 |
| October | 793,099 | \$0.195 | 793,099 | 0 |

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| | | | | |
|----------|-----------|---------|-----------|---|
| November | 904,851 | \$0.176 | 904,851 | 0 |
| December | 619,905 | \$0.166 | 619,905 | 0 |
| Total | 3,585,376 | | 3,585,376 | 0 |

(1) The plan was announced on July 23, 2007.

Item 6.

Selected Financial Data

As a smaller reporting company we are not required to provide this information.

Item 7.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses 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 management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Overview

We operate an excess inventory liquidation business and we facilitate on-line auctions. Our headquarters are in Coquitlam, British Columbia and our liquidation business is located in California.

Our plan when we acquired Able Auctions (1991) Ltd. in August 1999 was to expand its operations by purchasing bricks and mortar auction businesses throughout North America and developing the technology to allow them to broadcast their call auctions over the Internet. However, after making several acquisitions we decided to abandon this strategy, due to the high cost of maintaining the auction businesses. Instead, we turned our efforts to developing software that would allow us to host auctions on-line. This technology has been developed. During 2004 we entered into an agreement with the National Auctioneers Association to host on-line auctions for its members and we use this technology for those auctions. In 2003, we began a relationship with eBay. Our subsidiaries, iCollector.com Technologies Ltd. and iCollector International Ltd. use eBay's Live Auction Platform to provide services to arts, collectible and antique auction houses that allow these institutions to broadcast their auctions over the Internet. The fees we earn from these auction broadcasts are split equally with eBay.

In 2004 we entered the business of liquidating excess inventory. Depending on the service we provide, we can either purchase the inventory and re-sell it, or we can act as a broker between the seller and a purchaser. Our sales revenues during the 2004 fiscal year increased significantly, primarily as a result of our liquidation business. We are currently dependent on two individuals to operate our liquidation business. If we were to lose the services of these individuals, it could have a material adverse effect on this sector of our business and on our results of operations.

During 2004 we also acquired Rapidfusion Technologies, Inc. Rapidfusion Technologies, Inc. has developed point-of-sale software and services for retailers.

During 2005 we merged two of our subsidiaries, iTrustee.com Technologies Ltd. and Able Auctions (1991) Ltd. The new entity was named Stanford Development Corporation. On September 7, 2006 Stanford Development Corporation changed its name to Axion Investment Corporation. Axion Investment Corporation develops real estate and makes short term loans.

We intend to continue to expand our business by increasing the number of auctions we hold on-line, and by finding lucrative liquidation opportunities. We continually contact auction houses, art galleries and dealers throughout the world in an effort to increase the number of auctions we host. Liquidation opportunities come through bankruptcies, credit foreclosures, and importers, manufacturers and other liquidators who need to dispose of merchandise quickly.

However, our business may be adversely affected by any downturn in the general economy of the United States, from which we derived most of our revenues during the 2007 fiscal year. The downturn in the economy of the United States has affected the capital available for purchasing goods that are not necessities. The impact of this is evident in our liquidation operations, where revenues are 27% lower and in our live auction business, where revenues have been substantially unchanged. There can be no assurance that we will be able to increase our revenues from our operations.

One segment of our business invests in and develops real property. We are currently developing two projects. We cannot guarantee that these projects will be successful or that the property, once developed, will increase, or even maintain, its value. During the 2008 fiscal year, we intend to review this segment of our operations to determine whether continuing these operations is in our best interests and those of our shareholders.

Another segment of our business provides short term loans to various businesses and individuals in Canada. The loans typically have terms of one year, earn interest at the rate of approximately 10% and are secured by real estate, general security agreements and personal guarantees, as appropriate. At December 31, 2007, we had outstanding approximately \$1,009,846 in loans.

As discussed below, we have already seen a reduction in our revenues as a result of the downturn in the U.S. economy and, if the economy continues to decline, this loss of revenue may continue indefinitely. The decline in the U.S. economy may adversely affect our future liquidity.

We have no off-balance sheet arrangements, special purpose entities or financing partnerships.

We currently have no commitments for capital expenditures.

Other than as described herein, we know of no trends, events or uncertainties that could impact our revenues or liquidity.

Critical Accounting Policies and Estimates

We have identified several accounting principles that we believe are key to an understanding of our financial statements. These important accounting policies require management's most difficult, subjective judgments.

Foreign Currency Translation

We have operations in both Canada and the U.S. with significant transactions in the currencies of both countries. Consequently, we are exposed to and have experienced significant gains and losses in respect to foreign exchange.

We account for foreign currency transactions and translation of foreign currency financial statements under Statement of Financial Accounting Standards No. 52, Foreign Currency Translation ("SFAS 52"). We use the current rate method as the functional currency is the Canadian dollar. All assets and liabilities are translated at the current rates, while stockholder's equity accounts are translated at the appropriate historical rate or rates. Revenues and expenses are translated at the weighted-average rate for the year. Gains and losses from restatement of foreign assets and liabilities are included in comprehensive income. Revenues and expenses are translated at the rates of exchange prevailing on the dates such items are recognized in earnings.

Financial statements of our Canadian subsidiaries are translated into U.S. dollars using the exchange rate at the balance sheet date for assets and liabilities. Our investments in the structural capital of the Canadian subsidiaries have been recorded at the historical cost in U.S. dollars. The resulting gains or losses are reported as a separate component of stockholders' equity. The functional currency of the Canadian subsidiaries is the local currency, the Canadian dollar.

Marketable Securities and Loans

During the 2007 fiscal year, our investment in securities and loans generated approximately \$397,977 in revenues. Currently, we hold no securities, 7% of the value of our assets is held in the form of loans and 58% of the value of our assets is held in the form of real estate.

| Type | Carrying Amount | % of Total Assets |
|-----------------------------|------------------------|--------------------------|
| Cash & Current Assets | \$ 3,635,823 | 25 % |
| Other Assets | \$ 1,405,436 | 10 % |
| Real Estate (head office) | \$ 2,736,657 | 19 % |
| Real Estate (development) | \$ 4,124,221 | 29 % |
| Real Estate (Joint Venture) | \$ 1,507,403 | 10 % |
| Loans | \$ 1,009,846 | 7 % |
| Total | \$ 14,419,386 | 100 % |

Revenue Recognition

A substantial portion of our revenues are earned through non-traditional sources, particularly Internet auctions. Our policies with respect to the timing and amount of revenue recognition from our auction activities are critical to an understanding of our financial statements.

Our net revenues result from fees and revenue associated with Internet based listing fees and auction activities. Internet related listing fees are derived principally from enabling independent auction houses to simultaneously broadcast their auctions over the Internet. These fees are recognized upon successful completion of each individual auction when the final terms of sales and commissions have been determined.

We generally earn revenues from our auction activities either through consignment sales, or through sales of inventory we purchase. For consignment sales, we earn auction fees charged to consignees, and buyer's premiums charged to purchasers, determined as a percentage of the sale price. For inventory sales, we earn a

profit or incur a loss on the sale, to the extent the purchase price exceeds or is less than the purchase price paid for such inventory.

For each type of auction revenue an invoice is rendered to the purchaser, and we recognize revenue, at the date of the auction. The auction purchase creates a legal obligation upon the purchaser to take possession of, and pay for the merchandise. This obligation generally provides us with reasonable assurance of collection of the sale proceeds, from which our earnings are derived, including the fees from consignees and purchasers, as well as resale profits.

Segmented information

Because we facilitate auctions and liquidations over the Internet, participants could come from anywhere in the world. However, our business presence is in both Canada and the U.S.

In accordance with Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information, we make required disclosures of information regarding our geographic segments.

Stock Based Compensation

The granting of stock options represents a very significant source of financing for us. Consequently, the accounting policies by which we account for these options is critical to an understanding of our financial statements.

We have chosen to account for stock based compensation using Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Accordingly compensation cost for stock options is measured as the excess, if any, of the quoted market price of our stock at the date of the grant over the amount an employee is required to pay for the stock.

We have adopted the disclosure provisions of Statement of Financial Accounting Standards No. 123, Accounting for Stock Based Compensation for stock options granted to employees and directors. We disclose, on a supplemental basis, the pro-forma effect of accounting for stock options awarded to employees and directors, as if the fair value based method had been applied, using the Black-Scholes model. On October 1, 2006, we adopted SFAS 123(R) which requires that employee stock option expense be recognized under the fair value method rather than the intrinsic

value method. We have evaluated the impact of the adoption of SFAS 123(R) and, although we have not yet finished our estimates to enable us to quantify the impact, based on contractual obligations, recurring customary grants such as those to the board of directors, and vested options in place, we believe the impact will not be significant to our overall results of operations and financial position.

Income Taxes

Income taxes are provided for in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". A deferred tax asset or liability is recorded for all temporary differences

between financial and tax reporting and net operating loss carry forwards. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities.

We have net operating losses carried forward of approximately \$9,500,000 which expire in years ranging from 2007 to 2026. We have provided a full valuation allowance of approximately \$3,045,000 on the deferred tax asset because of the uncertainty of realizability.

Contractual Obligations

We are committed under the following contractual obligations

| Contractual Obligations | Payments Due By Period | | | | |
|-----------------------------|------------------------|------------------|--------------|--------------|--------------|
| | Total | Less than 1 year | 1 to 3 Years | 3 to 5 Years | Over 5 Years |
| Operating lease obligations | \$ 112,305 | \$ 62,854 | \$ 44,312 | \$ 5,139 | - |

As noted above, we are committed to payments with respect to agreements to lease office premises.

Results of Operations

Year ended December 31, 2007 compared to the Year ended December 31, 2006, factoring in discontinued operations.

Revenues. During the year ended December 31, 2007, we had revenues of \$4,938,918 as compared to \$6,243,865 during the year ended December 31, 2006, a decrease of 21%. The decrease in revenues is a result of a 27% decrease in revenues from our liquidation services. Our liquidation business accounted for \$3,574,616 for the 2007 fiscal year (72% of total revenue), compared to revenue of \$4,917,198 for the 2006 fiscal year (79% of total revenue). Specifically, the decrease in revenue from our liquidation service is the result of a decrease in demand of liquidation

inventory from top retailers. In order to weather the loss of revenues during the US economic downturn, we have implemented strong cost controls in order to reduce recurring operating expenditures and we are expanding in other areas to supplement revenue. One such expansion is establishing a drop-shipment facility and listing the Company's inventory with Overstock.

During the 2007 fiscal year, the revenue from our iCollector and NAALive auction was substantially unchanged from the previous year.

Our liquidation services accounted for 72% of total revenue for 2007. We anticipate that revenues from our liquidation sector will continue to represent a significant percentage of overall revenues. We believe that the results of our liquidation business and the number of antique and collectible auctions we manage is directly related to the general economy of the United States, and that the current economic down-turn in the United States could continue to have a dampening effect on our revenues in those two areas of our business.

During the year ended December 31, 2007, we had investment income of \$397,977 compared to \$541,006 for the year ended December 31, 2006. The decrease in investment income is a result of our shift in investment strategy towards real estate property development and away from marketable securities. The investment in property development is longer term in nature and, as a result, returns will be realized on completion of projects. As of December 31, 2007, our holdings in real estate totalled \$8,368,281.

Operating Expenses. Operating expenses totalled \$2,994,064, or 61% of net revenues, for the year ended December 31, 2007 as compared to \$2,816,617, or 45% of net revenues, for the year ended December 31, 2006. Operating expenses remained substantially unchanged. As a percentage of revenues, operating expenses increased significantly due to the decrease in revenue we experienced in 2007. Management has implemented cost controls in order to reduce recurring operating expenditures and is expanding in other areas to supplement revenue.

Gross Profit and Cost of Revenues. Cost of sales was \$2,980,221 or 60% of our revenues for the year ended December 31, 2007, compared to \$3,868,399, or 62% of our revenues during the same period in 2006. Cost of sales for 2007 decreased as a result of lower revenues and also included a write-down of inventory in the amount of \$163,415.

Gross profit was \$1,958,697 or 40% of total revenue for the year ended December 31, 2007, compared to gross profit of \$2,375,466 or 38% of total revenue for the year ended December 31, 2006. The marginal increase in gross profit as a percentage of revenue is a result of improving the pricing and product offerings of our liquidation operations. The increase also reflects the performance of our higher-profit auction broadcasting services group, the growth of which remained substantially unchanged while the revenues of the liquidation services groups dropped by 27%.

Future gross profit margins may vary considerably from quarter-to-quarter depending on the performance of our various divisions. We believe that over time, our gross profit as a percentage of revenue will range between 25% and 30%, based on the anticipated returns from our revenue streams

Net Loss. We realized a net loss of \$693,258 or \$(0.011) per share for the year ended December 31, 2007 as compared to a net income of \$167,233 or \$0.003 per share for the year ended December 31, 2006. The loss for the year ended December 31, 2007 is attributed to the following:

-

a write-down of inventory in the amount of \$163,415,

-

depreciation in the amount of \$194,737, and

-

a write-down of \$225,111 to accounts receivable primarily due to the bankruptcy of an auction house located in the US.

Liquidity and Capital Resources

Set forth below are our estimated cash operating and capital budgets for operations, technology purchases, research and development and implementing our expansion strategy for the remainder of the fiscal year ending December 31, 2008:

| | |
|----------------------------------|--------------------|
| Marketing | \$ 150,000 |
| Ongoing research and development | 200,000 |
| Expansion of inventories | 300,000 |
| Servers and operating systems | 150,000 |
| Working Capital | 500,000 |
| Investor Relations | 350,000 |
| Property Development | 9,000,000 |
| Required Capital: | \$10,650,00 |

As of December 31, 2007, we had working capital of \$4,238,590

We cannot assure you that our actual expenditures for the 2008 fiscal year will not exceed our estimated operating budget. Actual expenditures will depend on a number of factors, some of which are beyond our control, including, among other things, unexpected costs related to our business, additional property development costs, acquisition and/or expansion costs, reliability of the assumptions of management in estimating costs and certain economic factors.

In the event we determine that we may be unable to meet our on-going capital commitments, we may take some or all of the following actions:

.

postpone expenditures on research and development;

.

reduce sales and marketing expenditures;

.

reduce general and administrative expenses through lay offs or consolidation of our operations;

.

suspend property development and liquidate holdings;

.

suspend or sell operations that are not economically profitable; or

.

sell assets, including licenses to our technologies.

Since 1999, we have funded our activities principally from any cash flow generated from our operations and our investments, a loan from our Chief Executive Officer, the private placement of our securities and the exercise of stock options.

In 2006, we had working capital of \$6,810,115. In 2007, our working capital decreased to \$4,238,590. We had cash and cash equivalents of \$1,594,657, accounts receivables of \$888,199, employee receivable of \$298,464, loans receivable of \$1,009,846, inventory of \$817,448, and prepaid expenses of \$37,055 minus current liabilities of \$407,079 at December 31, 2007. We anticipate that trade accounts receivables and inventory may increase during the 2008 fiscal year as we increase the number and frequency of our auctions, and as we expand our other business operations.

Cash flow from operating activities was \$238,727 during the year ended December 31, 2007 as compared to \$4,211,730 during the year ended December 31, 2006. The change in operating cash flow between 2006 and 2007 was primarily due to the sale of our marketable securities in 2006. Our cash resources may decrease further if we complete an acquisition during 2008, or if we are unable to maintain positive cash flow from our business through 2008.

Cash flow from investing activities during the fiscal year ended December 31, 2007, was \$940,575. We used proceeds from the repayment of loans to increase our investment in property held for development. Cash flow from financing activities was \$(690,021). During the 2007 fiscal year, we consummated a private offering on April 9, 2007 with Mr. Abdul Ladha, an executive officer and a director. Mr. Ladha purchased 2,941,175 units having a value of \$0.20 per unit. Each unit consisted of one share of common stock and a warrant to purchase three shares of common stock. The warrants have a term of 10 years and an exercise price of \$0.20 per share. The negative cash flow from financing activities resulted from the repayment of a bank loan and the repurchase of shares of our common stock. Please see Item 5 of this Annual Report for a description of the repurchase of our common stock.

As of December 31, 2007, our holdings included the following:

| Type | Carrying Amount | % of Total Assets |
|-----------------------------|------------------------|--------------------------|
| Cash & Current Assets | \$ 3,635,823 | 25 % |
| Other Assets | \$ 1,405,436 | 10 % |
| Real Estate (head office) | \$ 2,736,657 | 19 % |
| Real Estate (development) | \$ 4,124,221 | 29 % |
| Real Estate (Joint Venture) | \$ 1,507,403 | 10 % |
| Loans | \$ 1,009,846 | 7 % |
| Total | \$ 14,419,386 | 100 % |

As noted above, during the fiscal year ended December 31, 2007, we received income of \$397,977 from investments in securities and loans.

There are no guarantees, commitments, lease and debt agreements or other agreements that could trigger an adverse change in our credit rating, earnings, cash flows or stock price, including requirements to perform under standby agreements.

Item 7A.

Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company we are not required to provide this information.

Item 8.

Financial Statements and Supplementary Data

Reference is made to the financial statements, the reports thereon, the notes thereto, and supplementary data commencing at page F-1 of this Form 10-K, which financial statements, reports, notes, and data are incorporated herein by reference.

Item 9.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A.

Disclosure Controls and Procedures.

Regulations under the Securities Exchange Act of 1934 require public companies to maintain disclosure controls and procedures, which are defined to mean a company's controls and other procedures that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Our Chief Executive Officer (CEO), President, and Chief Financial Officer (CFO) carried out an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on those evaluations, as of the Evaluation Date, our CEO, President, and CFO believe that:

(i)

our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports we file under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure; and

(ii)

our disclosure controls and procedures are effective.

Internal Control over Financial Reporting

(a) Management's annual report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

·
Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

·
Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, the Company's internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2007. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework*. Based on management's assessment, management has concluded that, for the reasons set forth below, as of December 31, 2007 our internal control over financial reporting was effective with some weaknesses in the areas of segregation of duties and monitoring of control procedures at the subsidiary level.

Our business is a small and efficient operation with only 6 management employees. As a result, we do not have excess management to adequately segregate each and every duty in certain areas. This is also true of our subsidiaries, many of which have only a limited number of employees.

We intend to hire a number of employees necessary to remediate this weakness. Until we are able to hire the additional employees to remediate this weakness, management has determined to report more frequently to our audit committee and to have members of our audit committee review our control procedures on a regular basis.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

(b) Changes in internal control over financial reporting

There have been no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15 (f) under the Exchange Act) during the fourth quarter of 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B.

Other Information.

Not applicable.

PART III

Item 10.

Directors, Executive Officers, Promoters and Control Persons;

Compliance With Section 16(a) of the Exchange Act

Officers and Director

Abdul Ladha, Age 46

Abdul Ladha has been a director, President, and Chief Executive Officer of the Company since August 24, 1999. He also currently serves as the Chief Financial Officer. In addition, Mr. Ladha is President of all of the Company's wholly owned subsidiaries. Mr. Ladha holds an honors degree in Electrical Engineering and Mathematics from the University of British Columbia (UBC). In 1985, he founded Dexton Enterprises Inc., a subsidiary of Dexton Technologies Corporation, which was a company engaged in the business of (a) the development and provision of web-based business solutions to small to mid-size retail and business-to-business customers, and (b) the marketing and sale of personal computer hardware and network systems to corporate and retail customers, as well as computer training and after-sales upgrade and support services. Mr. Ladha was President, Chief Executive Officer, and a director of Dexton Technologies from December 1994 to July 2001. In 1997, Dexton Technologies acquired Able Auctions (1991) Ltd., which Dexton sold to the Company on August 24, 1999.

Mr. Ladha is the Executive Director of CITA – The Canadian Institute for Technological Advancement, a non-profit organization dedicated to developing Canada's technological entrepreneurs sponsored by the UBC, Simon Fraser University (SFU), the World Trade Centre, Ernst & Young, and some 60 corporations and institutions.

Barrett E.G. Sleeman, P.Eng., Age 67

Barrett Sleeman, a director of the Company since August 24, 1999, is a professional engineer. He has also been a director of Crystal Graphite Corporation, a graphite property development company, from February 1999 to February 2004, and the CEO of Helena Resources from October 2001 to present. From April 1997 to September 2001, he was a

director of Dexton Technologies Corporation, a technology company. From May 1988 to May 2000, he was a director and the President of Omicron Technologies Inc., whose focus is the acquisition, research and development, and marketing of leading edge technologies for the aerospace, telecommunications, defense, and consumer electronics industries, as well as Internet-based business concepts. Mr. Sleeman also served as a director of Java Group Inc., currently an oil and gas company, from November 1997 to March 2000. Mr. Sleeman was also President (October 1996 to October 1997) and a director (August 1996 to October 1997) of White Hawk Ventures Inc., and President (August 1995 to April 1997) and a director (March 1995 to January 1998) of International Bravo Resources Inc., both mining exploration companies.

Dr. David Vogt, Age 51

Dr. David Vogt, a director of the Company since April 17, 2000, is a scientist and knowledge engineer. An astronomer by training, he was Director of Observatories at the University of British Columbia in Canada from

1980 to 1992 before becoming Director of Science at Science World, Western Canada's largest public science center. With the development in 1993 of a virtual science center to support educational outreach, Dr. Vogt shifted his focus to explore the creation of knowledge using new media technologies. Dr. Vogt is a founding executive of Brainium.com, an innovative online educational publishing company. Brainium.com pioneers new media learning products for the kindergarten to Grade 12 market. The award winning Science Brainium, located at www.brainium.com, is an online intermediate science resource currently reaching 7,000 schools internationally. Dr. Vogt has been Vice President Business Development of Brainium Technologies Inc. since 1996.

Dr. Vogt combined undergraduate degrees in Physics and Astronomy (UBC 1977) and English Literature (UBC 1978) into an interdisciplinary Ph.D. (SFU 1990) in information science and archaeoastronomy. Dr. Vogt was also founding director of the B.C. Shad Valley Program, Chairman of the CBC's Advisory Committee on Science and Technology, and a founding member of the SchoolNet National Advisory Board.

Dr. Vogt's professional associations include membership on the Software and Information Industry Association (SIIA) Content Board and sub-committee on Distance Learning, a technology planning committee for Ronald McDonald Houses International, the Education Committee for the Vancouver Foundation, the B.C. government's Information Technology Advisory Board, and the Board for Science World.

Michael Boyling, Age 51

Mr. Boyling, a director, is the President of Boyling, Feltham, Rogers & Associates Inc. (BFR), which is an insurance and financial services company based in Vancouver, British Columbia and has offices in Edmonton, Alberta, Calgary, Alberta and Winnipeg, Manitoba. BFR's business focuses on providing insurance and financial services to high net worth individuals and medium sized companies. Michael Boyling has played a major role in the development and growth of this company. Through his three-year tenure as director and President, BFR has grown from annual revenue of CDN\$500,000 to annual revenue in excess of CDN\$5,000,000.

He served with the Canadian Military (Army) from the age of 17 to the age of 38. Since his retirement from military service, he has been self-employed in the financial industry.

Mr. Boyling also owns West Coast Global Equity/Ventures Inc., an international consulting company whose main focus is international financing and investing. He has worked as a consultant and broker with a foreign government and international construction companies arranging equity and debt financing.

Mr. Boyling draws on his experience from his time spent in the insurance and financial services industry with two international insurance companies, where he occupied positions of Regional and International Sales Manager.

Key Employees

In addition to our officers and directors, we value and rely upon the services of the following key employees.

Paul Piotrowski, Age 31

Paul Piotrowski is the manager of iCollector.com Technologies Ltd. Mr. Piotrowski has been involved in the development of the company's technology since he began working for Ableauctions.com Inc. in June 1999. Before joining the company his past employment experience was in the field of computer hardware and software design, customer service and support as well as management and team leadership. From 2001 to September 2003, Mr. Piotrowski was also the president and co-owner of Rapidfusion Technologies Inc., a privately owned technology development company, which was purchased by Ableauctions.com Inc. in September 2003. Following the sale of Rapidfusion Technologies Inc. to the company, Mr. Piotrowski focused his full time efforts on continuing to develop and improve the company's online auction live bidding technology and continues to do that in the current capacity of Chief Technology Officer with the company.

Erick Richardson, Age 63

Erick Richardson is the manager of Unlimited Closeouts Inc. Mr. Richardson began working for Ableauctions.com Inc. in 2004, developing a liquidation business that buys product from major manufacturers and resells them to off price retailers in the United States.

Mr. Richardson was previously employed as a sales consultant by McKenzie Trading, an inventory broker.

There are no family relationships among our directors or executive officers.

During the past five years, except as described below, none of our directors or executive officers has been involved in any of the following events:

.

Any bankruptcy petition filed by or against any business of which a director or executive officer was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

.

Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

Being subject to any order, judgment or decree not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and

Being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

In 2002 it was determined that our subsidiary, iCollector PLC, could not sustain its operations and it was eventually placed into formal bankruptcy proceedings pursuant to the laws of the United Kingdom. In 2002, Ableauctions.com (Washington) Inc., our wholly owned subsidiary, ceased its bricks and mortar operations in

San Mateo and San Francisco. Our current officers and directors also served as our officers and directors during this period.

Corporate Governance

There have been no material changes to the procedures by which security holders may recommend nominees to our Board of Directors.

The Board of Directors has an audit committee that was established in accordance with section 3(a)(58)(A) of the Securities Exchange Act of 1934. The audit committee members include Mr. Barrett Sleeman and Dr. David Vogt.

While we believe that members of our audit committee each have some of the attributes of an audit committee financial expert, no single individual possesses all of the attributes therefore, no one on our audit committee can be deemed to be an audit committee financial expert. However, we believe that the collective experience and education of the members of our audit committee provide us with the expertise that an audit committee financial expert could provide.

Section 16(a) Compliance

Section 16(a) of the Securities Exchange Act requires our directors, executive officers and persons who own more than 10% of our common stock to file reports of ownership and changes in ownership of our common stock with the Securities and Exchange Commission. Directors, executive officers and persons who own more than 10% of our common stock are required by Securities and Exchange Commission regulations to furnish to us copies of all Section 16(a) forms they file.

To our knowledge, based solely upon review of the copies of such reports received or written representations from the reporting persons, we believe that during our 2006 fiscal year our directors, executive officers and persons who own more than 10% of our common stock complied with all Section 16(a) filing requirements.

Code of Ethics

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our code of ethics will be provided to any person without charge, upon request. Requests should be addressed to Mr. Abdul Ladha, c/o Ableauctions.com, Inc. 1963 Lougheed Highway, Coquitlam, British Columbia V3K 3T8.

Item 11.

Executive Compensation

The table below shows, for the last two fiscal years, compensation paid or accrued to the Company's chief executive officer and the four most highly paid executive officers while serving in their designated capacity at fiscal year end, whose total compensation exceeded \$100,000. These officers are referred to as the named executive officers.

Summary Compensation Table

| Name and principal position | Year ⁽¹⁾ | Salary (\$) | Bonus or Commissions (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation ⁽²⁾ (\$) | Total ⁽²⁾ (\$) |
|---|---------------------|-------------|---------------------------|-------------------|--------------------|---|--|--|---------------------------|
| Abdul Ladha President and CEO | 2007 | 156,000 | 0 | 0 | 0 | 0 | 0 | 0 | 156,000 |
| Erick Richardson, Vice President and director,, Unlimited Closeouts | 2007 | 0 | 80,488 | 0 | 0 | 0 | 0 | 0 | 80,488 |
| Steve Gold, former Senior Account Manager of Unlimited Closeouts, Inc. | 2007 | 0 | 191,969 | 0 | 0 | 0 | 0 | 0 | 191,969 |
| Abdul Ladha President and CEO | 2006 | 156,000 | 0 | 0 | 0 | 0 | 0 | 6,000 | 162,000 |
| Erick Richardson, Vice President and director, Unlimited Closeouts | 2006 | 0 | 207,500 | 0 | 36,000(3) | 0 | 0 | 0 | 243,500 |
| Paul Piotrowski, Manager of iCollector.com Technologies Ltd. | 2006 | 0 | 128,344 | 0 | 20,000(3) | 0 | 0 | 0 | 148,344 |
| Steve Gold, former Senior Account | 2006 | 0 | 296,430 | 0 | - | 0 | 0 | 0 | 296,430 |

Manager of
Unlimited
Closeouts, Inc.

(1)

Year ended December 31.

(2)

Car allowance.

(3)

The value of the option award was calculated using the Black-Scholes Option Pricing Model.

Disclosure to Summary Compensation Table

Our compensation program consists of the following three components:

.

base salary;

.

bonuses; and

.

awards of options to purchase common stock from our 1999 Stock Option Plan and, for directors, our 2002 Stock Option Plan for Directors.

We believe that a combination of cash and options will allow us to attract and retain the services of the individuals who will help us achieve our business objectives, thereby increasing value for our shareholders.

In setting the compensation for our sole executive officer, our board of directors looked primarily at his responsibilities, at salaries paid to others in businesses comparable to ours, at his experience and at our ability to replace him. We expect the salary of our executive officer to remain relatively constant unless his responsibilities are materially changed.

Bonuses are used to reward performance, either by the individual or by the company. Bonuses are discretionary. No bonuses were granted to our executive officers during the 2007 fiscal year. During the 2007

fiscal year, commissions that were awarded to Mr. Richardson, Mr. Piotrowski and Mr. Gold were based on revenue targets.

During 2006 we granted options to Mr. Richardson and Mr. Piotrowski as an incentive. The number of shares covered by the awards was negotiated along with other components of their compensation.

Outstanding Equity Awards at Fiscal Year-End

The following table shows the outstanding equity awards granted to our highest paid executive officers as of December 31, 2007. Equity awards granted to Mr. Ladha were granted in connection with his service as a director.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

OPTION AWARDS

STOCK AWARDS

| Name | Number of securities underlying unexercised options (#) Exercisable | Number of securities underlying unexercised options (#) Unexercis-able | Equity Incentive Plan Awards: Number of Securities underlying unexercised unearned options (#) | Option exercise price (\$) | Option expiration date | Number of shares or units of stock that have not vested (#) | Market value of shares or units of stock that have not vested (\$) | Equity incentive plan awards: | Equity incentive plan awards: |
|------------------|---|--|--|----------------------------|------------------------|---|--|--|---|
| | | | | | | | | number of shares, units or rights that have not vested (#) | Market or payout value of unearned shares, units or rights that have not vested (#) |
| Abdul Ladha | 1,454,231 | 0 | 0 | \$0.40 | 11/16/2014 | 0 | 0 | 0 | 0 |
| Erick Richardson | 1,600,000 | 0 | 0 | \$0.42 | 08/24/2009 | 0 | 0 | 0 | 0 |
| Paul Piotrowski | 450,000 | 450,000 | 0 | \$0.35 | 08/22/2008 | 0 | 0 | 0 | 0 |
| | 250,000 | | | \$0.35 | 08/22/2008 | | | | |
| | 250,000 | 250,000 | 0 | \$0.42 | 08/24/2009 | 0 | 0 | 0 | 0 |

Employment Agreements

We have an employment agreement with our Chief Executive Officer, Abdul Ladha, that is dated April 1, 2002. The term of the agreement commenced as of April 1, 2002 and will continue until Mr. Ladha dies or is permanently disabled, we terminate the agreement for cause, we and Mr. Ladha mutually agree to terminate the agreement, Mr. Ladha elects to terminate the agreement or we elect to terminate the agreement. If Mr. Ladha elects to terminate the agreement, he must give us at least 90 days written notice of his intent to terminate. If we elect to terminate the agreement, we must give Mr. Ladha written notice equal to no less than the greater of one year or two months for each year of completed service. In lieu of such notice, we can pay Mr. Ladha compensation for the notice period. Mr. Ladha's cash compensation is \$156,000 per year, which may be

increased by the Board. Mr. Ladha also receives an automobile allowance of \$500 per month and, upon execution of the agreement, he was granted options to purchase 1,000,000 shares of our common stock.

Compensation Paid to Members of our Board of Directors

We did not compensate our directors during the 2007 fiscal year.

Item 12.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information, as of March 25, 2008 regarding the beneficial ownership of the Company's common stock by any person known to the Company to be the beneficial owner of more than 5% of the outstanding common stock, by directors and certain executive officers, and by all directors and executive officers of the Company as a group.

| Name and Address(1) | Amount and Nature of Beneficial Ownership of Securities | Percent of Class(2) |
|--|---|---------------------|
| Abdul Ladha, Director and Executive Officer | 14,152,175 ⁽³⁾⁽⁴⁾ | 20.01% |
| Barrett Sleeman, Director | 457,200 ⁽⁴⁾ | 0.75% |
| Dr. David Vogt, Director | 457,200 ⁽⁴⁾ | 0.75% |
| Michael Boyling | 457,200 ⁽⁴⁾ | 0.75% |
| All current directors and executive officers as a group (4 persons) | 15,523,775 | 22.26% |

(1) The address of each of the following individuals is, c/o Ableauctions.com, Inc., 1963 Lougheed Highway,

Coquitlam, British Columbia V3K 3T8.

(2) Based on an aggregate of 60,449,202 shares outstanding as of March 18, 2008. Beneficial ownership is determined under the rules of the Securities and Exchange Commission. The number of shares shown as beneficially owned in the tables below are calculated pursuant to Rule 13d-3(d)(1) of the Securities Exchange Act of 1934. Under Rule 13d-3(d)(1), shares not outstanding that are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by such person, but not deemed outstanding for the purpose of calculating the percentage owned by each other person listed. Except in cases where community property laws apply or as indicated in the footnotes to this table, we believe that each stockholder identified in the table possesses sole voting and investment power over all of the shares of common stock.

(3) Abdul Ladha, President of the Company, is a beneficiary of the Ladha (1999) Family Trust. Hamilton Trust Company Limited is the trustee of the Ladha (1999) Family Trust. Mr. Ladha disclaims beneficial ownership of the 3,006,875 shares held by the Ladha (1999) Family Trust.

(4) Consists of stock, warrants and options exercisable to acquire shares of common stock.

To our knowledge, none of the Company's directors, officers or affiliates, or any 5% or greater shareholder of the Company, or any associate or any such directors, officers or affiliates, is a party that is adverse to the Company in any material legal proceeding.

Item 13.

Certain Relationships and Related Transactions and Director Independence

On January 1, 2007 we entered into a three year lease of approximately 2,851 square feet of storage space from Bullion Reef Holdings Ltd., a private company wholly-owned by the spouse of our President, Abdul Ladha. The monthly rent on the property, located at 3112 Boundary Road, Coquitlam, British Columbia, was approximately \$1,777 based on a triple-net lease. In 2007 the building was sold and the lease was terminated with no penalty.

We market the condominium units being developed by our subsidiary, Axion, using the brand name Overture Living™. The mark, “Overture Living™” belongs to Abdul Ladha, an officer and director. Mr. Ladha has received no compensation for the use of this mark.

On April 9, 2007 Abdul Ladha entered into a Securities Purchase Agreement with us pursuant to which he purchased units consisting of one share of our common stock, \$0.001 par value, and a warrant to purchase three shares of our common stock. The purchase price was \$0.20 per unit, the last sale price of our common stock on Thursday, April 5, 2007, the last trading day prior to the purchase. Mr. Ladha purchased a total of 2,941,175 units, representing 2,941,175 shares of common stock and warrants to purchase an additional 8,823,525 shares. The total purchase price for the investment was \$588,000. The warrants have an exercise price of \$0.20, a term of 10 years and will expire, if not exercised, on April 9, 2017.

From October 2007 through December 2007, we rented approximately 1,681 square feet of residential property adjacent to our Surrey development site from Surrey Central City Holdings Ltd., a private company wholly-owned by Abdul Ladha. The rent for the three month period was \$5,043 (\$5,000 CAD), or approximately \$1,680 (\$1,666 CAD) per month. We believe that we received fair value for the rent and that if we had paid an independent party, we would have paid approximately the same amount per month, based on market rents at the time.

Director Independence

Messrs. Barrett Sleeman and Michael Boyling and Dr. David Vogt are independent, as that term is defined in Section 121 of the Rules of the American Stock Exchange. All of these directors are members of our audit committee. We do not have a compensation committee or a nominating committee.

Item 14 - Principal Accountant Fees and Services

Audit Fees

The aggregate fees billed for the fiscal years ended December 31, 2007 and December 31, 2006 for professional services rendered by our principal accountants for the audit of our annual financial statements, review of financial statements included in our Form 10-QSB filings and other services provided by the accountant in connection with statutory and regulatory filings are approximately as follows: Fiscal Year Ended December 31, 2007: \$67,255; Fiscal Year Ended December 31, 2006: \$45,525.

All Other Accountant Fees

The aggregate fees billed for the fiscal years ended December 31, 2007 and December 31, 2006 for other professional services rendered by our principal accountants are approximately as follows: Fiscal Year Ended December 31, 2007: \$49,755; Fiscal Year Ended December 31, 2006: \$24,500.

ITEM 15.

Exhibits

- 3.1 Articles of Incorporation, as amended (incorporated by reference to Exhibits 3.1, 3.2, 3.3, 3.4 and 3.5 of the registrant's Registration Statement on Form 10-SB).(1)
- 3.2 Bylaws (Incorporated by reference to Exhibit 3.6 of the registrant's Registration Statement on Form 10-SB).(1)
- 10.1 1999 Stock Option Plan (Incorporated by reference to Exhibit 4.2 of the registrant's Registration Statement on Form S-8).(3).
- 10.2 2002 Stock Option Plan for Directors (Incorporated by reference to Exhibit 10.32 of the registrant's Annual Report on Form 10-KSB) (2)
- 10.3 2002 Consultant Stock Plan (Incorporated by reference to Exhibit 10.1 of the registrant's Registration Statement on Form S-8) (4)
- 10.4 Agreement between the National Auctioneers Association and iCollector.com, Technologies Inc dated March 18, 2004 (The registrant has omitted certain portions of this exhibit pursuant to a request for confidential treatment. The omitted material has been filed separately with the Securities and Exchange Commission.)(9)
- 10.5 Joint Venture Agreement dated July 28, 2006 between Stanford Development Corporation, Canitalia Industries Ltd. and 44991 B.C. Ltd.(10)
- 10.6 Employment Agreement dated April 1, 2002 between Abdul Ladha and the registrant* **
- 10.7 Securities Purchase Agreement dated April 9, 2007 between Abdul Ladha and the registrant(12) **
- 10.8 Warrant Agreement dated April 9, 2007 between Abdul Ladha and the registrant(12) **
- 10.9 Letter Agreement between Axion Investment Corp. and Royal Bank of Canada(13)
- 14 Code of Ethics(11)
- 21 Subsidiaries of Ableauctions.com, Inc*.
- 23.1 Consent of STS PARTNERS LLP*
- 23.2 Consent of Telford Sadovnick PLLC*
- 31.1 Certification Pursuant to Rule 13a-14(a) and 15d-14(a) (4) of Chief Executive Officer *
- 31.2

Certification Pursuant to Rule 13a-14(a) and 15d-14(a) (4) of
Chief Financial Officer *

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Certification Pursuant to Section 1350 of Title 18 of the United
States Code of Chief Executive Officer and Chief Financial
Officer*

* Filed herewith.

** Denotes an agreement with management.

(1) Incorporated by reference to the Form 10-SB filed by the registrant with the Securities and Exchange Commission by the registrant on November 18, 1999.

(2) Incorporated by reference to the Form 10-KSB for the fiscal year ended December 31, 2002 filed by the registrant with the Securities and Exchange Commission on March 27, 2003.

(3) Incorporated by reference to the Form S-8 Registration Statement filed by the registrant with the Securities and Exchange Commission on June 13, 2003.

(4) Incorporated by reference to the Form S-8 Registration Statement filed by the registrant with the Securities and Exchange Commission on May 8, 2002.

(5) Incorporated by reference to the Form 10-QSB for the quarter ended March 31, 2003 filed by the registrant with the Securities and Exchange Commission on May 15, 2003.

(6) Incorporated by reference to the Current Report on Form 8-K filed by the registrant with the Securities and Exchange Commission on October 24, 2003.

(7) Incorporated by reference to the Current Report on Form 8-K filed by the registrant with the Securities and Exchange Commission on February 28, 2005.

(8) Incorporated by reference to the Current Report on Form 8-K filed by the registrant with the Securities and Exchange Commission on March 18, 2005.

(9) Incorporated by reference to the Current Report on Form 8-K filed by the registrant with the Securities and Exchange Commission on May 14, 2004.

(10) Incorporated by reference to the Quarterly Report on Form 10-QSB for the period ended September 30, 2006 filed by the Registrant on November 13, 2006.

(11) Incorporated by reference to the Annual Report on Form KSB for the fiscal year ended December 31, 2003 filed by the Registrant on March 30, 2004.

(12) Incorporated by reference to the Current Report on Form 8-K filed by the registrant with the Securities and Exchange Commission on April 11, 2007.

(13) Incorporated by reference to the Current Report on Form 8-K filed by the registrant with the Securities and Exchange Commission on July 30, 2007.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 27, 2008

/s/ Abdul Ladha
Abdul Ladha, President

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|--|--|--------------------|
| /s/ Abdul Ladha Abdul Ladha | Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer) | March 27, 2008 |
| /s/ Abdul Ladha Abdul Ladha | Chief Financial Officer (Principal Financial Officer and Accounting Officer) | March 27, 2008 |
| /s/ Barrett Sleeman Barrett Sleeman | Director | March 27, 2008 |
| /s/ Dr. David Vogt | Director | March 27, 2007 |

Dr. David Vogt

/s/ Michael Boyling

Director

March 27, 2008

Michael Boyling

ABLEAUCTIONS.COM, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Ableauctions.com Inc.:

We have audited the accompanying consolidated balance sheet of Ableauctions.com, Inc. as of December 31, 2007, and the related consolidated statements of operations, comprehensive income, cash flows and stockholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ableauctions.com, Inc. as at December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ STS PARTNERS LLP

CHARTERED ACCOUNTANTS

Vancouver BC

March 24, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Ableauctions.com Inc.:

We have audited the accompanying consolidated balance sheet of Ableauctions.com Inc. as of December 31, 2006, and the related consolidated statements of operations, comprehensive income, cash flows and stockholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, based on our audit, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ableauctions.com Inc. as at December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ TELFORD SADOVNICK, P.L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

Bellingham, Washington

March 26, 2007

ABLEAUCTIONS.COM, INC.

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2007

| | DECEMBER 31 | |
|---|---------------|---------------|
| | 2007 | 2006 |
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | \$ 1,594,657 | \$ 1,004,558 |
| Accounts receivable trade, net of allowance | 888,199 | 1,406,250 |
| Employee receivable | 298,464 | 30,514 |
| Mortgages and loans receivable | 1,009,846 | 4,092,852 |
| Inventory | 817,448 | 860,643 |
| Prepaid expenses | 37,055 | 47,849 |
| Notes receivable | - | 1,931 |
| | 4,645,669 | 7,444,597 |
| Other receivable | 215,067 | 99,961 |
| Deposits | 388,212 | - |
| Intangible Asset | 355,759 | 430,534 |
| Property and Equipment | 3,183,055 | 2,857,322 |
| Property Held for Development | 4,124,221 | 1,455,031 |
| Investment in Joint Venture | 1,507,403 | 1,237,269 |
| | \$ 14,419,386 | \$ 13,524,714 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 398,629 | \$ 85,788 |
| Deferred revenue | 8,450 | - |
| Bank loan | - | 548,694 |
| | 407,079 | 634,482 |

STOCKHOLDERS EQUITY

Capital Stock

Authorized:

100,000,000 common shares with a par value of \$0.001

Issued and outstanding:

65,348,009 common shares at December 31, 2007

62,406,834 common shares at December 31, 2006

Additional paid-in capital

Deficit

Accumulated Other Comprehensive Income

Treasury Stock, at cost (2007: 3,585,376 shares)

Contingent Liabilities

Commitments

| | |
|---------------|---------------|
| 65,348 | 62,406 |
| 37,881,636 | 37,319,119 |
| (25,380,855) | (24,687,597) |
| 2,115,740 | 196,304 |
| (669,562) | - |
| 14,012,307 | 12,890,232 |
| \$ 14,419,386 | \$ 13,524,714 |

Approved By The Directors:

Abdul Ladha

Barrett Sleeman

The accompanying notes are an integral part of these consolidated financial statements

ABLEAUCTIONS.COM, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

DECEMBER 31, 2007

| | YEAR ENDED DECEMBER 31 | |
|--|------------------------|--------------|
| | 2007 | 2006 |
| Net Revenues | | |
| Sales & Commissions | \$ 4,938,918 | \$ 6,243,865 |
| Cost of Revenues | 2,980,221 | 3,868,399 |
| Gross Profit | 1,958,697 | 2,375,466 |
| Investment Income | 397,977 | 541,006 |
| | 2,356,674 | 2,916,472 |
| Operating Expenses | | |
| Accounting and legal | 124,973 | 151,174 |
| Advertising and promotion | 60,990 | 109,491 |
| Automobile and travel | 77,056 | 99,103 |
| Bad debts | 225,111 | 12,664 |
| Commission | 423,564 | 863,736 |
| Depreciation and amortization of fixed assets | 194,737 | 180,504 |
| Insurance | 37,615 | 32,326 |
| Interest | 52,012 | 33,786 |
| Investor relations and shareholder information | 111,906 | 28,690 |
| Management fees, salaries and benefits | 1,243,207 | 992,017 |
| Office and administration | 112,821 | 107,968 |
| Rent, utilities and maintenance | 170,070 | 84,711 |
| Telephone and internet | 160,002 | 120,447 |
| | 2,994,064 | 2,816,617 |
| (Loss) from Operations | (637,390) | 99,855 |

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| | | |
|--|------------------|----------------|
| Other Items | | |
| Foreign exchange gain (Loss) | (67,221) | 42,660 |
| Share of net income of joint venture | 11,353 | - |
| Loss on sale of Asset | - | (1,413) |
| Gain on sale of property held for development | - | 26,131 |
| | (55,868) | 67,378 |
| (Loss) for the Year | \$ (693,258) | \$ 167,233 |
| Basic (loss) Earnings per Share | \$ (0.011) | \$ 0.003 |
| Diluted (loss) Earnings per Share | \$ (0.011) | \$ 0.003 |
| Weighted Average Number of Shares Outstanding: | | |
| Basic | 63,775,539 | 62,406,834 |
| Diluted | 63,775,539 | 62,406,834 |

The accompanying notes are an integral part of these consolidated financial statements.

ABLEAUCTIONS.COM, INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS) INCOME

DECEMBER 31, 2007

| | YEAR ENDED DECEMBER 31 | |
|--|------------------------|------------|
| | 2007 | 2006 |
| (Loss) Income for the Year | \$ (693,258) | \$ 167,233 |
| Other Comprehensive Income (Loss), net of tax | | |
| Foreign currency translation adjustments | 1,919,436 | (154,180) |
| Consolidated Comprehensive Income | \$ 1,226,178 | \$ 13,053 |
| Basic and Diluted Comprehensive Earnings per Share | \$ 0.019 | \$ 0.000 |

The accompanying notes are an integral part of these consolidated financial statements.

ABLEAUCTIONS.COM, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

DECEMBER 31, 2007

| | YEAR ENDED DECEMBER 31 | |
|---|------------------------|-------------|
| | 2007 | 2006 |
| Cash Flows from Operating Activities | | |
| (Loss) Income for the year from continuing operations | \$ (693,258) | \$ 167,233 |
| Non-cash items included in net loss: | | |
| Depreciation and amortization | 194,737 | 180,504 |
| Stock-based compensation | 37,224 | 51,848 |
| Loss on sale of asset | - | 1,413 |
| Joint Venture Income | (11,353) | |
| Gain on sale of property held for development | - | (26,131) |
| | (472,650) | 374,867 |
| Changes in operating working capital items: | | |
| (Increase) Decrease in accounts receivable | 599,478 | 143,317 |
| (Increase) Decrease in inventory | 126,418 | 406,134 |
| (Increase)Decrease in prepaid expenses | 13,256 | 220,509 |
| Decrease in marketable securities | - | 3,091,017 |
| (Increase) Decrease in employee receivable | (256,902) | (30,514) |
| Increase (Decrease) in accounts payable and accrued liabilities | 221,939 | 6,400 |
| Increase (Decrease) in deferred revenue | 7,188 | - |
| | 238,727 | 4,211,730 |
| Cash Flows from Investing Activities | | |
| Purchase of property and equipment, net | (34,267) | (28,882) |
| Purchase of property held for development | (1,816,545) | (92,133) |
| Proceeds from sale of property held for development | - | 322,134 |
| Loan advances | (186,464) | (3,017,522) |

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| | | |
|--|--------------|--------------|
| Loan repayments | 3,420,332 | 1,080,139 |
| Investment in intangible assets | - | (127,634) |
| Investment in joint venture | - | (1,237,269) |
| Other receivables | (82,977) | (99,961) |
| Deposits | (361,435) | - |
| Note receivable | 1,931 | 3,237 |
| | 940,575 | (3,197,891) |
| Cash Flows from Financing Activities | | |
| Proceed from bank loan | - | 548,694 |
| Repayment of Bank Loan | (548,694) | (1,395,349) |
| Exercise of stock options | - | 36,000 |
| Proceeds from issuance of capital stock, net | 528,235 | |
| Purchase of treasury stock | (669,562) | |
| | (690,021) | (810,655) |
| Effect of Exchange Rates on Cash | 100,818 | (154,180) |
| Change in Cash and Cash Equivalents for the Year | 489,281 | 203,184 |
| Cash and Cash Equivalents, Beginning Of Year | 1,004,558 | 955,554 |
| Cash and Cash Equivalents, End of Year | \$ 1,594,657 | \$ 1,004,558 |

Supplemental Disclosures With Respect To Cash Flows (Note 13)

The accompanying notes are an integral part of these consolidated financial statements.

ABLEAUCTIONS.COM, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

DECEMBER 31, 2007

| | ACCUMULATED TREASURY | | | | | TOTAL STOCKHOLDERS EQUITY |
|-----------------------------------|----------------------|----------------------------------|----------------------------------|----------------|-------------------|---------------------------------|
| | COMMON STOCK | ADDITIONAL PAID-IN CAPITAL | OTHER COMPREHENSIVE INCOME | STOCK, COST | DEFICIT | |
| Balance, December 31, 2005 | \$62,406,834 | \$ 62,406 | \$ 37,231,271 | \$ 350,484 | - \$ (24,854,830) | \$ 12,789,331 |
| Exercise of stock options | | 36,000 | | | | 36,000 |
| Deferred option plan compensation | | 51,848 | | | | 51,848 |
| Translation adjustment | | | (154,180) | | | (154,180) |
| Income for the year | | | | | 167,233 | 167,233 |
| Balance, December 31, 2006 | 62,406,834 | \$ 62,406 | \$ 37,319,119 | \$ 196,304 | - \$ (24,687,597) | \$ 12,890,232 |
| Issuance of capital stock | 2,941,175 | 2,942 | 226,725 | | | 528,235 |
| Repurchase of treasury stock | | | | (669,562) | | (669,562) |
| Stock-based compensation | | 37,224 | | | | 37,224 |
| | | | 1,919,436 | | | 1,919,436 |

Translation
adjustment

| | | |
|-------------------------------|-----------|-----------|
| Income (loss) for the year | (693,258) | (693,258) |
|-------------------------------|-----------|-----------|

B a l a n c e , \$65,348,009 \$ 65,348 \$ 37,583,068 \$ 2,115,740 \$ (669,562) \$ (25,327,166) \$ 14,012,307
December 31,
2007

The accompanying notes are an integral part of these consolidated financial statements.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

1.

BUSINESS AND BASIS OF ORGANIZATION

Ableauctions.com, Inc. (the 'Company') was organized on September 30, 1996, under the laws of the State of Florida, as J.B. Financial Services, Inc. On July 19, 1999, an Article of Amendment was filed with the State of Florida for the change of the Company's name from J.B. Financial Services, Inc. to Ableauctions.com, Inc.

The Company provides liquidation and merchandising services along with auction and point-of-sale technology to businesses to assist them with managing the sale of their products. The Company also provides mortgages and loans to individuals and companies, and develops real estate property. The Company classifies its business interests into three reportable segments: Auction, Liquidation & Technology Business: consisting principally of liquidation and merchandizing services; Mortgages and Loans: consisting of mortgages, loans and other investments and Real Property & Property Development: consisting principally of properties held for development. Financial information for Ableauctions.com's various reportable segments is presented in Note 21.

The Company's operating subsidiaries are:

Unlimited Closeouts Inc., a U.S. based liquidation business.

Jarvis Industries Ltd., a Canadian based liquidation business.

Icollector.Com Technologies Ltd., a Canadian based Internet auction facility.

Rapidfusion Technologies Inc., a Canadian based Internet auction business.

Gruv Development Corporation, a Canadian based real estate

Axion Investment Corp., a Canadian based investment business.

Gruv Holdings Corp., a Canadian-based real estate holding company.

1963 Lougheed Holdings Ltd. a Canadian based real estate holding company

AAC Holdings Ltd., a Canadian-based holding company (incorporated on April 24, 2007)

Effective December 31, 2007, two of the subsidiaries, Axion Investment Corp. and Gruv Holdings Corp. were amalgamated retaining the name of Axion Investment Corp.

2.

COMPARATIVE FIGURES

In the financial statements for the fiscal year ended December 31, 2006, the Company presented the proceeds from sales of marketable securities as investment activities in the statements of cash flows, rather than as operating activities as required by SFAS 115. The following presents the effect on the Company's previously issued financial statements for the year ended December 31, 2006. There is no effect on the financial statements for the year ended December 31, 2007.

Statement of cash flows for the year ended December 31, 2006:

| | Previously Reported | Increase (Decrease) | Amended |
|-------------------------------------|------------------------|------------------------|-------------|
| Cash flow from operating activities | \$ 1,120,713 | \$ 3,091,017 | \$4,211,730 |
| Cash flow from investing activities | (106,874) | (3,091,017) | (3,197,891) |

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

3.

SIGNIFICANT ACCOUNTING POLICIES

a)

Principles of Consolidation

These consolidated financial statements include the accounts of Ableauctions.com, Inc. and its wholly-owned subsidiaries, from the dates of acquisition. Any significant inter-company balances and transactions have been eliminated.

b)

Foreign Currency Translation

The Company accounts for foreign currency transactions and translation of foreign currency financial statements under Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation" ("SFAS 52"). The Company uses the current rate method as the functional currency is the Canadian dollar. All assets and liabilities are translated at the current rates, while stockholder's equity accounts are translated at the appropriate historical rate or rates. Revenues and expenses are translated at the weighted-average rate for the year. Gains and losses from restatement of foreign assets and liabilities are included in comprehensive income. Revenues and expenses are translated at the rates of exchange prevailing on the dates such items are recognized in earnings.

Financial statements of the Company's Canadian subsidiaries (see Note 1) are translated into U.S. dollars using the exchange rate at the balance sheet date for assets and liabilities. The Company's investments in the structural capital of the Canadian subsidiaries have been recorded at the historical cost in U.S. dollars. The resulting gains or losses are reported as a separate component of stockholders' equity. The functional currency of the Canadian subsidiaries is the local currency, the Canadian dollar.

c)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from those estimates.

d)

Cash and Cash Equivalents

Cash and cash equivalents includes cash and highly liquid investments with original maturities of three months or less.

e)

Marketable Securities

The Company accounts for its trading securities in accordance with SFAS 115 Accounting for Certain Investments in Debt and Equity Securities, which governs the accounting for all debt and equity securities that have a readily determinable fair value. The Company's marketable securities consist of term deposits, bonds, income trusts and equity. These investments are recorded on the balance sheet at fair value and are recorded on the statement of cash flows as a component of operating activities. These investments represent a substantial portion of the Company's overall income, and accordingly unrealized and realized income and losses from these investments are included in the statement of operations.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

3.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

f)

Accounts Receivable

The Company's accounts receivable primarily includes amounts due from its customers. The carrying value of each account is carefully monitored with a view to assessing the likelihood of collection. An allowance for doubtful accounts is provided for as an estimate of losses that could result from customers defaulting on their obligations to the Company. In assessing the amount of allowance required, a number of factors are considered including the age of the account, the credit worthiness of the customer, payment terms, the customer's historical payment history and general economic conditions.

g)

Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, employee receivable, loans receivable, other receivable, deposits, and accounts payable and accrued liabilities approximated fair value at December 31, 2007.

h)

Inventory

Inventory is stated at the lower of cost and estimated net realizable value using the average cost method.

i)

Software Development

The Company has adopted Statement of Position 98-1 ("SOP 98-1"), "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use", as its accounting policy for internally developed computer software costs. Under SOP 98-1, computer software costs incurred in the preliminary development stage are expensed as incurred. Computer software costs incurred during the application development stage are capitalized and amortized over the software's estimated useful life.

j)

Property and Equipment

Property and equipment are recorded at cost. The cost of property and equipment is depreciated using the declining balance method at the following annual rates:

| | |
|------------------------|-----|
| Building | 4% |
| Furniture and fixtures | 20% |
| Server equipment | 10% |
| Computer equipment | 30% |
| Computer software | 10% |
| Vehicles | 30% |

Leasehold improvements are amortized using the straight-line method over the terms of the leases.

k)

Intangible Assets

Intangible assets are recorded at cost and amortized on a straight-line basis over the life of the agreement.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

3.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

l)

Impairment of Long-Lived Assets

The Company periodically evaluates potential impairments of its long-lived assets, including property and equipment, and intangibles with definite lives. The Company tests the recoverability of the assets whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. When the Company determines that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more indicators of impairment, the Company evaluates the projected undiscounted cash flows related to the assets. If these cash flows are less than the carrying value of the assets, the Company measures the impairment using discounted cash flows or other methods of determining fair value.

Long-lived assets to be disposed of are carried at the lower of cost or fair value less estimated costs of disposal.

m)

Investment in Joint Venture

The Company accounts for its investment in joint venture on an equity basis.

n)

Warranty

The Company provides all of its home buyers with a limited warranty as to workmanship and mechanical equipment. The Company also provides many of its home buyers with a limited ten-year warranty as to structural integrity. The Company accrues for expected warranty costs at the time each home is closed and title and possession have been transferred to the buyer.

o)

Revenue Recognition

Auction/ liquidation and technology business

The Company's net revenues result from fees and revenue associated with internet based listing fees and auction activities. Internet related listing fees are derived principally from enabling independent auction houses to simultaneously broadcast their auctions over the Internet. These fees are recognized upon successful completion of each individual auction when the final terms of sales and commissions have been determined.

The Company generally earns revenues from its auction activities either through consignment sales, or through sales of inventory purchased by the Company. For consignment sales, the Company earns auction fees charged to consignees, and buyer's premiums charged to purchasers, determined as a percentage of the sale price. For inventory sales, the Company earns a profit or incurs a loss on the sale, to the extent the purchase price exceeds or is less than the purchase price paid for such inventory.

For each type of auction revenue, an invoice is rendered to the purchaser, and revenue is recognized by the Company, at the date of the auction. The auction purchase creates a legal obligation upon the purchaser to take possession of, and pay for the merchandise. This obligation generally provides the Company with reasonable assurance of collection of the sale proceeds, from which the Company's earnings are derived, including the fees from consignees and purchasers, as well as resale profits.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

3.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgages and Loans

(a)

Mortgages are stated at cost which includes amounts advanced and applicable charges, less repayments.

(b)

Interest is accounted for on the accrual basis for amounts advanced unless a mortgage is identified as impaired. For amounts committed but unadvanced, recognition of such fees as revenue would be deferred until the advance of the loan.

(c)

A mortgage is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectibility of principal and interest.

(d)

When a mortgage is identified as impaired, the accrual of interest is discontinued. A provision for estimated losses is recorded when the principal and accrued interest exceed the estimated net underlying value of the security or if management otherwise feels a provision would be prudent.

Real property and property development

a)

Real estate rental

Rental income in respect to commercial and residential property leases is recognized on a straight-line basis over the lease term.

b)

Real property sale

For condominium development projects, profit is recognized on the percentage-of-completion method in respect to individual units sold on a pre-sale basis, when all the following criteria are met:

i.

Construction is beyond a preliminary stage.

ii.

The buyer may only receive a refund in the circumstances of non-delivery of the unit.

iii.

Sufficient units have already been sold to assure that the entire property will not revert to rental property.

iv.

Sales prices are collectible. Pursuant to EITF 06-8, the collectibility of the sales price is assessed by the Company primarily based on the adequacy of the buyer's continuing investment in the form of non-refundable deposits, and the age and location of the property. The credit standing of the buyer is taken into account if known.

v.

Aggregate sales proceeds and costs can be reasonably estimated.

Deposits received in respect to sales which do not meet the criteria for revenue recognition described above shall be accounted for as deposits until the criteria are met.

No revenue related to condominium sales has been recognized by the Company as at December 31, 2007.

All revenue and costs related to the project are deferred until the completion of the development and the successful completion of the sales and transfer of Strata lots.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

3.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

p)

Acquisitions and Goodwill

All business acquisitions have been accounted for under the purchase method and, accordingly, the excess of the purchase price over the fair value of the net assets acquired has been recorded as goodwill in the consolidated balance sheet. The results of operations, changes in equity and cash flows of acquired companies are included in operations only for the period between the date of acquisition and the end of the financial year.

All goodwill arising from acquisitions of businesses was written off in previous periods.

q)

Advertising Costs

The Company recognizes advertising expenses in accordance with Statement of Position 98-7, "Reporting on Advertising Costs". As such, the Company expenses the cost of communicating advertising in the period in which the advertising space or airtime is used.

r)

Earnings Per Share

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128"). Under SFAS 128, basic and diluted earnings per share are to be presented. Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted earnings per share takes into consideration common shares outstanding (computed under basic earnings per share) and potentially dilutive common shares.

s)

Income Taxes

Income taxes are provided in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carry forwards. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities.

Deferred tax assets are reduced by a valuation allowance when, based upon currently available information, it is more likely than not that some portion or all of the deferred tax

assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

t)

Accounting for Uncertainty in Income Tax

In June 2006, the FASB issued FASB interpretation No. 48. Accounting for Uncertainty in Income Tax - an interpretation of FASB Statement No. 109("Fin 48"), which clarifies the accounting for uncertainty in income tax positions. This interpretation requires that the Company recognize in the consolidated financial statements the tax benefits related to tax positions that are more likely than not to be sustained upon examination based on the technical merits of the position. The provisions of Fin 48 became effective to Ableauctions.Com Inc. as of the beginning of the Company's 2007 fiscal year. The guidance has had no cumulative impact on the accumulated deficit of the company as at January 1, 2007.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

3.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

u)

Segmented information

Statement of Financial Accounting Standards No. 131, "Disclosures About Segments of an Enterprise and Related Information", establishes standards for reporting information about the operating and geographic segments of the Company's business. Effective January 1, 2006, the nature and extent of the Company's operations are such that it operates in three reportable segments, as an auction house and liquidator, a property developer and an investment company. Information regarding the Company's geographic segments is set forth in Note 20.

v)

Stock-Based Compensation

Prior to January 1, 2006, the Company had followed the provisions of SFAS 123, "Accounting for Stock-Based Compensation," as amended by SFAS 148, "Accounting for Stock-Based Compensation-Transition and Disclosure." Accordingly, the Company accounted for stock-based compensation under Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, using the intrinsic value method. Compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee is required to pay for the stock. The Company discloses on a supplemental basis, the pro-forma effect of accounting for stock options awarded to employees and directors, as if the fair value based method had been applied, using the Black-Scholes model.

Effective January 1, 2006, the Company adopted the fair value recognition provisions of SFAS 123(R), using the modified-prospective-transition method. Under that transition method, compensation cost recognized as of December 31, 2006 includes compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of Statement 123. Results for prior periods have not been restated.

w)

Reclassifications

Certain reclassifications of prior year's balances have been made to conform to the current format on the consolidated financial statement.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

4.

MORTGAGES & LOANS RECEIVABLE

| | December 31, 2007 | December 31, 2006 |
|---|----------------------|----------------------|
| i) Loan advanced on October 15, 2005 in the amount of \$115,000 CAD, bears interest at 10.9% per annum (receivable at \$972(\$1,045 CAD) per month), with the principal due for repayment on October 15, 2006, and secured by a mortgage on the property of the borrower. The loan was subsequently renewed under the same terms and is due for repayment on January 31, 2009. | 116,010 | 98,679 |
| ii) Loan advanced on October 17, 2005 in the amount of \$2,200,000 CAD, bears interest at 9.75% per annum (receivable at \$16,641 (\$17,875 CAD) per month), with the principal due for repayment on October 17, 2006, and secured by a mortgage on the property of the borrower and personal guarantees. The loan was not repaid on the due date and the Company applied for an Order Nisi which was granted on July 9, 2007. The loan was repaid on August 8, 2007. | - | 1,887,763 |
| iii) Loan advanced in the amount of \$230,000 CAD, bears interest at 10% per annum (receivable at \$1,784 (\$1,917 CAD) per month), with the principal due for repayment on April 4, 2007. The loan was subsequently renewed under the same terms and is due for repayment on April 1, 2008. The loan is secured by a mortgage on the property of the borrower and a General Security Agreement. | 232,018 | 197,357 |
| iv) Loan advanced in the amount of \$55,000 CAD, bears interest at 10% | 55,482 | 47,194 |

per annum (receivable at \$426 (\$458 CAD) per month), with the principal due for repayment on February 9, 2008, and secured by a mortgage on the property of the borrower and a personal guarantee of the borrower.

v) Loan advanced in the amount of \$603,750 CAD, bears interest at 11% per annum (receivable at \$ 5,152 (\$5,534 CAD) per month), with the principal due for repayment on April 22, 2007, and secured by a mortgage on the property of the borrower. The loan was repaid on February 22, 2007.

-

8,062

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

4.

MORTGAGES & LOANS RECEIVABLE (Continued)

| | | |
|---|---------|---------|
| vi) Loan advanced in the amount of \$237,000 CAD, bears interest at 10% per annum (receivable at \$1,838 (\$1,975 CAD) per month), with the principal due for repayment on May 27, 2007, and secured by a mortgage on the property of the borrower. The loan was subsequently renewed under the same terms and is due for repayment on March 31, 2008. | 239,080 | 203,364 |
| vii) Loan advanced in the amount of \$179,060 CAD, bears interest at 10% per annum (receivable at \$1,389 (\$1,492 CAD) per month), with the principal due for repayment on May 1, 2008, and secured by a mortgage on the property of the borrower. | 180,632 | 153,647 |
| viii) Loan advanced in the amount of \$1,150,000 CAD, bears interest at 10.5% per annum (receivable at \$9,368 (\$10,063 CAD) per month), with the principal due for repayment on October 13, 2007 and secured by a mortgage on the property of the borrower and personal guarantees of the shareholders of the borrower. The loan was repaid on May 9, 2007. | | |
| | - | 986,786 |
| ix) Loan advanced in the amount of \$140,000 CAD, bears interest at 15% per annum (receivable at \$1,629 (\$1,750 CAD) per month), with the | 141,229 | |

principal due for repayment on March 31, 2008, and secured by a mortgage on the property of the borrower.

-

xi) Loan advanced on August 7, 2007 in the amount of \$45,000 CAD, bears interest at 9.75% per annum (receivable at \$310 (\$333 CAD) per month), with the principal due for repayment on August 8, 2008, and secured by a mortgage on the property of the borrower and personal guarantees.

45,395 -

\$ 1,009,846 \$ 4,092,852

5.

OTHER RECEIVABLES

i)

Included in Other receivable is a balance of \$121,053 (\$120,000 CAD) owing from Charan Singh, a director of THL, and the project coordinator for the Gruv Development. The loan balance is due on May 1, 2008 and is unsecured and interest free based on the terms of the consulting agreement.

ii) Included in Other receivable at December 31, 2007 is a balance of \$94,014 (\$93,196 CAD) outstanding from a third party related to a prior licensing agreement. As per the agreement, the Company has agreed to accept inventory goods from the party for an equivalent value in settlement of the balance.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

6.

INTANGIBLE ASSETS

Intangible assets are comprised of the following:

| | 2007 | | | |
|--------------------------------|-------------|---------|---------------------------------|------------|
| | COST | | ACCUMULATED AMORTIZATION NET | |
| Non-competition agreement | \$ | 150,000 | \$ 150,000 | \$ - |
| Affiliate related relationship | | 100,000 | 25,833 | 74,167 |
| Intellectual property | | 338,034 | 56,442 | 281,592 |
| | \$ | 588,034 | \$ 232,275 | \$ 355,759 |

| | 2006 | | | |
|--------------------------------|-------------|---------|---------------------------------|------------|
| | COST | | ACCUMULATED AMORTIZATION NET | |
| Non-competition agreement | \$ | 150,000 | \$ 141,667 | \$ 8,333 |
| Affiliate related relationship | | 100,000 | 15,833 | 84,167 |
| Intellectual property | | 338,034 | - | 338,034 |
| | \$ | 588,034 | \$ 157,500 | \$ 430,534 |

Non-competition agreement consists of payments made to three former principals of a company that was a direct competitor of Ableauctions. In consideration of payments received in 2004 for \$150,000, the former principals agreed to cease any activities that directly compete with Ableauctions for a period of three years. The cost is amortized on a straight-line basis over three years.

On June 1, 2005, the Company made a cash payment in the amount of \$100,000 to an unrelated third party as consideration for exclusive rights relating to that party's auction services. The cost is amortized on a straight-line basis over ten years.

During the 2007 and 2006 years, the Company incurred development costs to enhance the current on-line auction technology. These costs include fees paid to programmers to develop the systems, software and processes related to the enhancement. The Company has completed the final stage in July 2007, and has started to amortize the costs over the estimated useful life of the technology of three years beginning in July 2007.

Based on the carrying value of the identified intangible assets as at December 31, 2007 and assuming no subsequent impairment of the underlying assets, future annual amortization expense in the next 5 years is expected to be as follows: 2008 - \$122,678, 2009 - \$122,678, 2010- \$64,384, 2011 - \$10,000, 2012 - \$10,000.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

7.

PROPERTY AND EQUIPMENT

| | 2007 | | |
|------------------------|--------------|-----------------------------|-------------------|
| | COST | ACCUMULATED DEPRECIATION | NET BOOK VALUE |
| Land | \$ 1,696,560 | \$ - | \$ 1,696,560 |
| Building | 1,151,205 | 106,172 | 1,045,033 |
| Leasehold improvements | 107,175 | 70,028 | 37,147 |
| Furniture and fixtures | 116,121 | \$ 69,445 | 46,676 |
| Server equipment | 1,162,532 | 911,169 | 251,363 |
| Computer equipment | 99,082 | 42,836 | 56,246 |
| Computer software | 189,865 | 152,512 | 37,353 |
| Vehicles | 27,232 | 14,555 | 12,677 |
| | \$ 4,549,772 | 1,366,717 | \$ 3,183,055 |

| | 2006 | | |
|------|--------------|-----------------------------|-------------------|
| | COST | ACCUMULATED DEPRECIATION | NET BOOK VALUE |
| Land | \$ 1,443,110 | \$ - | \$ 1,443,110 |

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| | | | |
|------------------------|--------------|--------------|--------------|
| Building | 968,826 | 57,859 | 910,967 |
| Leasehold improvements | 107,175 | 59,311 | 47,864 |
| Furniture and fixtures | 115,408 | 57,865 | 57,543 |
| Server equipment | 1,162,532 | 878,068 | 284,464 |
| Computer equipment | 83,671 | 27,204 | 56,467 |
| Computer software | 189,865 | 148,362 | 41,503 |
| Vehicles | 23,164 | 7,760 | 15,404 |
| | \$ 4,093,751 | \$ 1,236,429 | \$ 2,857,322 |

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

8.

PROPERTY HELD FOR DEVELOPMENT

Property held for development at December 31, 2007 and 2006 is comprised of the following:

| | 2007 | 2006 |
|------------------------|--------------|--------------|
| | COST | COST |
| Coquitlam property (a) | \$ - | \$ - |
| Surrey property (b) | 4,124,221 | 1,455,031 |
| | \$ 4,124,221 | \$ 1,455,031 |

a)

On May 4, 2005, the Company, through its wholly owned subsidiary Gruv Development Corporation (formally 0723074 B.C. Ltd.), purchased a single dwelling house for the purpose of rental income located at 1880 Coleman Avenue in Coquitlam, British Columbia. The purchase price was \$242,411 and was paid in cash. During the 2005 and 2006 years, additional costs of \$58,242 were incurred as improvements to the property.

On March 2, 2006, the Company, through its wholly owned subsidiary, Gruv Development Corporation (formally 0723074 B.C. Ltd.), completed the sale of the property. The sale price of the property was \$388,608 in cash. The sale price was negotiated between the Company and the buyers, Michael and Agnes Piotrowski. Mr. Piotrowski is employed by the Company.

In consideration of the purchase, the Company agreed to provide an additional \$61,824 to the purchaser to complete improvements to the property, which was accounted for as a reduction in sales price. The Company also advanced a loan to the buyers in the amount of \$55,482 (\$55,000 CAD) for a term of 1 year, bearing an interest rate of 10% per annum. The loan was subsequently renewed under the same terms and is due for repayment on February 9, 2009. The loan is secured by the personal guarantee of the borrowers and a mortgage on the property. The loan receivable was considered collectible pursuant to the criteria outlined in SFAS 66.

b)

On August 3, 2005, the Company entered into a Contract of Purchase and Sale (the Agreement) for property located at 9655 King George Highway, Surrey, British Columbia V3T 2V3 (the Property). The Agreement was subject to the Company's satisfactory investigation of the development potential of the Property. This investigation was completed on August 9, 2005, at which time the Company released to the seller, Imara Venture Ltd. (the Seller), a down payment of \$41,195 to be credited against a total purchase price of \$1,270,000. The remaining balance was paid in cash on August 15, 2005. The purchase price was negotiated between the Company and the Seller, who are not related to each other.

The Company, through Axion, intends to develop the vacant parcel of land purchased consisting of approximately 1.46 acres that is zoned for mixed commercial and residential use located in Surrey, British Columbia. The Company intends to develop the property by improving it with a retail facility of approximately 4,326 square feet and with a residential complex of approximately 91,132 square feet which will consist of 111 condominiums (the Development). The Company's wholly-owned subsidiary, Gruv Development Corporation, will develop this project.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

8.

PROPERTY HELD FOR DEVELOPMENT (Continued)

On March 16, 2007, the Company filed a disclosure statement with the Superintendent of Real Estate under the Real Estate Development Marketing Act of British Columbia to pre-sell the units. The Company engaged the services of Platinum Project Marketing Group and Macdonald Realty Ltd. (the Agent) to market the strata lots and, by May 9, 2007, the Company had entered into agreements to pre-sell 100% of the condominiums prior to construction and collected approximately \$2.18 million (\$2.34 million CAD) in deposits that are being held in trust with Macdonald Realty Ltd.. If the Company is successful in selling all of the condominiums, it expects to receive sale proceeds of approximately \$25.6 million (\$25.4 million CAD). The Agent has been paid \$341,446 (\$366,749 CAD) for their services to date. The Company is committed to additional commissions and bonuses to be paid in the amount of \$695,806 (\$689,750 CAD) upon the successful completion of the sales and transfer of Strata lots.

The Company has obtained a building permit from the City of Surrey and has advanced performance bonds for service and work totaling \$358,283 (\$384,833 CAD) to the City of Surrey, as commitment for the development. On satisfactory completion of the intended service and work, the City of Surrey will refund the deposits to the Company.

On March 12, 2008, the Company obtained an updated conditional credit facility from the Royal Bank of Canada for the development in Surrey in the amount of \$16.56 million (\$16.42 million CAD).

Under the terms of the new credit facility issued by the Royal Bank of Canada, the borrower, Axion Investment Corporation is required to spend approximately \$4.88 million (\$4.84 million CAD) on the project. As of December 31, 2007, Axion had spent approximately \$4.11 million (\$4.08 million CAD) including the cost of the land. The credit facility is secured by guarantees from Axion Investment Corporation and Ableauctions.com Inc., by a general security agreement covering the assets of Axion Investment Corporation and by the property. The advances will accrue interest at the rate of Royal Bank prime plus .75% per annum. A fee of \$45,225 the rate of Royal Bank prime

plus .75% per annum. A fee of \$45,225 (\$48,000 CAD) was advance to the Royal Bank of Canada for the arrangement of this credit facility (\$35,378 (\$38,000 CAD) of this fee was paid in 2007 and the remaining balance was paid subsequent to December 31, 2007.

The credit facility is also conditional upon a number of requirements, including appraisal of the project, an environmental report, a soils report, confirmation of permits and approvals, engagement of a project monitor, schedule of pre-sales contracts, insurance, fixed price contracts for at least 80% of the project hard construction costs, and other requirements that the bank may reasonably require.

As of March 25, 2008, no draws had been made against the credit facility.

Subsequent to December 31, 2007, the Company entered into a Construction Management contract with Cantera Management Group Ltd. (Cantera) to manage the development of the project so that the residential and commercial strata units are fit for occupancy on a timely basis and within budget.

In consideration for their services, the Company has agreed to pay Cantera a fixed fee of \$557,855 (\$553,000 CAD) over the term of the contract calculated on a percentage of completion basis.

Based on Cantera s construction cost estimate, the Company expects the total cost to develop the property will be approximately \$21.4 million (\$21.2 million CAD), which includes land, soft costs, construction and financing.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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8.

PROPERTY HELD FOR DEVELOPMENT (Continued)

If the development is suspended for any reason, including but not limited to the Company's inability to obtain any additional financing that may be required or additional permits, the Company will not be able to recover all of its expenses. There can be no assurance that the development will be successful or that developing the property in this manner will increase, or even maintain, its value.

9.

INVESTMENT IN JOINT VENTURE

a)

On July 14, 2006 Axion Investment Corp. (Axion), a wholly-owned subsidiary of the Company, entered into a Joint Venture Agreement (the Agreement) with two unrelated parties, Canitalia Industries (Canitalia) and 449991 B.C. Ltd. (449991), to form a joint venture for the purpose of purchasing two vacant lots located in Langley, B.C. for development (the Project). On July 28, 2006, Axion entered into a supplemental agreement with these two parties in respect to an arrangement for a bank loan to fund the purchase price and related expenses of acquiring the properties in the Project.

b)

Pursuant to the Agreement, a new company, Township Holdings Ltd. (THL), has been formed and is equally and jointly owned by the three venturers. All expenses incurred and all profits earned by THL in conjunction with the Project are to be allocated in equal shares among Axion and the two unrelated parties. The initial deposit was

provided by Axion and 449991 BC Ltd. The total purchase price of the property to be developed was \$2.66 million (\$2.99 million CAD). During the 2006 year, Axion paid its share of the investment in the amount of \$1,290,072.

Pursuant to the agreement of July 28, 2006, Axion was to advance a loan to one of the unrelated parties to pay for its portion of the purchase price. During the 2006 year, Axion advanced a loan in the amount of \$516,028 to two shareholders of this party for a one year term, bearing interest rate at 10% per annum. The loan was repaid during the 2006 year.

c)

On March 13, 2007, Axion authorized Envision Credit Union (ECU) to make a demand loan to THL in the amount of \$1.30 million (\$1.4 million CAD) for the benefit of the other two shareholders, Canitalia and 449991 (the Loan). The parties have acknowledged that the Loan is for the sole benefit of 449991 and Canitalia and have agreed that none of THL, Axion or the president of the Company will have responsibility for payments of the Loan and that THL, Axion and the president will be fully indemnified for any expenses or payments they become liable for thereunder. In exchange for the Loan, ECU received a promissory note from THL requiring the payment of interest only at the rate of prime plus 1% per annum until ECU demands payment of the principal, a mortgage against the Property and a security interest in the personal property of THL. ECU also required Axion and the president of the Company to enter into a Debt Service Agreement.

Pursuant to the Debt Service Agreement, the president and Axion agree that they will be responsible for the monthly interest payments required by the promissory note in the event that 449991 and Canitalia fail to make the payments as required.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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9.

INVESTMENT IN JOINT VENTURE (Continued)

If 449991 and Canitalia default on the loan obligation to ECU, Axion will be entitled, but not obligated, to purchase the shares of stock in THL that are owned by the responsible parties at a price discount to market. If Axion exercises its right to purchase the stock owned by the responsible parties, then it will have no further recourse against 449991 and Canitalia for payment of the Loan. If Axion does not exercise its right to purchase the stock owned by the responsible parties, then the responsible parties agree that they shall indemnify and hold the president, Axion and THL harmless from and against any amounts that they or any of them may pay in order to bring the Loan into good standing or to prevent ECU from foreclosing on its security, including, without limiting the generality of the foregoing, any payments of principal, interest, and legal fees made by Axion, the president or THL.

d)

The Company estimated a value of \$40,535 for the above guarantee, and has provided a provision of \$40,535 for the guarantee liability, which is included in accounts payable and accrued liabilities at December 31, 2007.

e)

The Company considered the limited exception contained in FIN 46R exempting from consideration as a Variable Interest Entity a joint venture that is a business, under certain conditions. In the Company's view, this joint venture meets these conditions.

f)

Summarized financial statements for Joint venture Investment.

| | 2007 | 2006 |
|--------------------------------|--------------|------|
| Balance Sheet | | |
| Assets | \$ 3,256,580 | \$ - |
| Liabilities | | - |
| Equity | 3,256,580 | - |
| Statement of Operations | | |
| Revenue | \$ 36,887 | - |
| Expenses | 2,924 | - |
| Net Income | 33,963 | - |

10.**BANK LOAN**

On October 11, 2006, the Company arranged for a credit facility in the amount of \$1,785,714 (\$2,000,000 CAD) (the Credit Facility) from the Royal Bank of Canada (the Bank). The Credit Facility bore interest at the prime rate as announced by the Bank, plus 0.50% per year. Blended payments of interest and principal in the amount of \$13,885 (\$14,914 CAD) are due each month. Principal is due to be paid in full on the last day of a two to five year term chosen by the Company on the date of a draw down. Repayment of the Credit Facility is secured by a mortgage, which includes an assignment of rents, against the property where the Company s head office is located and a guarantee and postponement of claim signed by the Company in favor of the Bank. The loan balance of \$1,627,176 (\$1,710,000 CAD) was fully repaid on August 13, 2007.

On May 1, 2007, the Company arranged for an unsecured credit facility in the amount of \$25,000 from the Bank of America at an interest rate of 9.24% per annum payable monthly.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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11.

WARRANTS

The Company has issued warrants entitling the holders to acquire common shares of the Company. A summary of changes in unexercised warrants during the 2007 and 2006 years is presented below:

| | Warrants @ \$0.54 (1) | Warrants @ \$0.80 (2) | Warrants @ \$ 0.20 (3) | Total |
|-----------------------------------|-----------------------------|-----------------------------|------------------------------|-----------|
| Outstanding, December 31, 2005 | 100,000 | 895,384 | - | 995,384 |
| Granted during year | - | - | - | - |
| Outstanding, December 31, 2006 | 100,000 | 895,384 | - | 995,384 |
| Expired during year | (100,000) | (100,000) | - | (200,000) |
| Granted during year | - | - | 8,823,525 | 8,823,525 |
| Outstanding, December 31, 2007 | - | 795,384 | 8,823,525 | 9,618,909 |

(1) Exercisable until September 23, 2007, granted pursuant to private placement.

(2) Of the 895,384 warrants, 100,000 warrants are exercisable until December 30, 2007, and the remaining 795,384 warrants are exercisable until January 4, 2008.

(3) Exercisable until April 9, 2017, granted pursuant to the private placement as described in Note 17.

12.

INVESTMENT INCOME

Investment income includes loan interest and both the realized and unrealized trading gains. The breakdown is as follows:

| | 2007 | 2006 |
|------------------------|------------|------------|
| Loan interest | \$ 397,977 | \$ 380,001 |
| Realized trading gains | - | 161,005 |
| Investment income | \$ 397,977 | \$ 541,006 |

13.

SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

| | 2007 | 2006 |
|---|-----------|-----------|
| Cash paid for income taxes | \$ - | \$ - |
| Cash paid for arrangement of construction financing | 38,000 | - |
| Cash paid for interest | \$ 52,012 | \$ 33,786 |

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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13.

SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS (Continued)

During the year ended December 31, 2007, the Company incurred the following non-cash transactions:

a)

The Company recorded \$37,224 as stock-based compensation expense.

b)

The Company recorded a balance of \$40,535 in Investment in joint venture related to the estimate of guarantee liability as described in Note 8, with the offsetting balance included in Accounts payable and accrued liabilities .

During the year ended December 31, 2006, the Company incurred the following non-cash transactions:

The Company recorded \$51,848 as stock-based compensation expense.

14.

INCOME TAXES

At December 31, 2007, the Company has net operating losses carried forward of approximately \$5,900,000 which expire in years ranging from 2008 to 2027. The Company has provided a full valuation allowance of approximately \$1,844,000 on the deferred tax asset because of the uncertainty of realizability.

A reconciliation of the Company's effective income tax rate to the approximate combined federal, provincial and state statutory income tax rates of 34% [2006 34%] is as follows:

| | 2007 | 2006 |
|--|-------------|-------------|
| | \$ | \$ |
| Tax at statutory rate | (235,708) | 56,859 |
| Non deductible expense | 12,656 | 17,628 |
| Losses carried forward for which tax benefits were recognized | - | (74,487) |
| Losses carried forward for which tax benefit were not recognized | 223,052 | - |
| | - | - |

Significant components of the Company's deferred tax assets are as follows:

| | 2007 | 2006 |
|----------------------------------|-------------|-------------|
| | \$ | \$ |
| Operating losses carried forward | 2,006,000 | 3,230,000 |
| Property and equipment | (140,000) | (144,000) |
| Intangible assets | (22,000) | (41,000) |
| Total deferred tax assets | 1,844,000 | 3,045,000 |
| Valuation allowance | (1,844,000) | (3,045,000) |
| Net deferred tax assets | - | - |

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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14.

INCOME TAXES (Continued)

Of the net operating tax losses carried forward, approximately \$2,400,000 (deferred tax asset of \$816,000) are available for Canadian tax purposes.

The reduction in available tax losses during the 2007 year was primarily due to a corporate reorganization undertaken among the subsidiaries of the Company, involving the transfer of the real properties of the Company.

15.

CONCENTRATION OF RISK

Following is a description of certain areas of concentration of risk to which management considers the Company vulnerable to near-term severe impact. This is not a complete analysis of risks faced by the Company, which are listed in other regulatory filings of the Company.

Credit and Economic Dependency Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of accounts receivable and loans receivable.

The majority of the Company's trade receivables are derived from fees and revenue associated with internet based listing fees and auction activities. The Company's largest customer accounted for 40% of net revenue for the 2007 year, and 15% for the 2006 year. At December 31, 2007, the largest customer accounted for 15% of net accounts receivable (32% of net accounts receivable at December 31, 2006). Management believes that the receivable balance from this customer does not represent a significant credit risk based on past collection experience.

Property development risk

Approximately 58% of the Company's assets on December 31, 2007 were invested in various real properties. Real estate values can be seriously affected by factors such as bank liquidity, the availability of financing, and by factors such as a zoning change or an increase in property taxes and the general economic outlook.

Interest rate risk

Approximately 7% of the Company's assets on December 31, 2007 were invested in various mortgage loans receivable. The value of the mortgage loans can be seriously affected by factors such as interest rate fluctuations, bank liquidity, and the availability of financing.

Reliance on suppliers

The Company relies heavily on eBay's servers for uninterrupted Internet access, its servers and its continued operation of the live auction platform on eBay Live Auction. It also relies on certain technologies that it licenses from third parties, such as eBay's online auction technology. In addition, substantially all of the computer hardware for operating the Company's service is located at the facilities of Telus in British Columbia. Any damage to or failure of the systems could result in reductions in, or terminations of, the Company's service.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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15.

CONCENTRATION OF RISK (Continued)

Foreign currency risk

While the Company's financial statements are presented in U.S. dollars, a majority of the Company's obligations, investments and expenditures with respect to the operations were incurred in Canadian dollars. Variations in the exchange rate may give rise to foreign exchange gains or losses that may be significant.

16.

RELATED PARTY TRANSACTIONS

a)

During the year ended December 31, 2007, the Company incurred \$156,000 (2006: \$156,000) in management fees to a director of the Company.

b)

During the year ended December 31, 2007, the Company incurred rent expense related to storage facilities of \$27,715 (\$29,769 CAD) (2006: \$ Nil) to a private company owned by the wife of the Company's president.

On July 31, 2007, pursuant to the sale of the property, the rental agreement was reassigned to an unrelated company, 796257 BC Ltd.

c)

During the year ended December 31, 2007, the Company incurred rent expenses related to office space of \$4,655 (\$5,000 CAD)(2006: \$Nil) to a private company owned by the Company's president Abdul Ladha.

d)

On April 9, 2007, the Company completed a private placement of 2,941,175 units consisting of one common share and three share purchase warrants (the "Warrants") priced at \$0.20 per Unit, with the President and director of the Company, as described in Note 18.

e)

At December 31, 2007, a balance of \$298,464 (December 31, 2006: \$30,514) is owing from employees to the Company as a result of overpayments in commissions, which will be offset by commissions to be paid in the following quarters.

f)

Included in Other receivable is a balance of \$121,053 (\$120,000 CAD) owing from Charan Singh, a director of THL, and the project coordinator for the Gruv Development. The loan balance is due on May 1, 2008 and is unsecured and interest free based on the terms of his consulting agreement.

g)

During the year ended December 31, 2007, the Company received a payment of \$12,661 (\$13,600 CAD) from Bullion Reef Holdings Ltd., a private company wholly-owned by the spouse of the President, Abdul Ladha, as reimbursement of office and personnel expenses.

h)

During the year ended December 31, 2007, the Company marketed condominium units being developed in Surrey, using the brand name "Overture Living™". The mark, "Overture Living™" belongs to Abdul Ladha, the president, Abdul Ladha. Mr. Ladha did not receive compensation for the use of this mark.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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17.

STOCK-BASED COMPENSATION

During the 2007 year, the Company issued options to consultants to acquire 250,000 common shares of the Company at an exercise price of \$0.30 per share, exercisable for a period of 2 years. The estimated fair value of these options, totalling \$10,000 is recognized in the statement of operations.

During the 2006 year, the Company issued options to employees to acquire 1,600,000 common shares of the Company at an exercise price of \$0.35. The estimated fair value of these options, totalling \$64,000 is recognized over the 2 year vesting period. Of the total amount, \$27,224 (2006: \$16,151) is recognized in the 2007 year.

During the year ended December 31, 2007, the SFAS 123R share-based compensation expense recorded for awards under the stock option plans was \$37,224, net of estimated forfeitures.

During the year ended December 31, 2006, the SFAS 123R share-based compensation expense recorded for awards under the stock option plans, including those awards granted in previous years but not vested at December 31, 2005, was approximately \$51,848, net of estimated expiries. The basic and diluted income per share for the year ended December 31, 2006 decreased by \$0.001, due to the adoption of SFAS123R effective January 1, 2006.

A summary of the Company's stock option plan and changes during 2007 and 2006 are presented below:

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| | 2007 | | 2006 | |
|---|------------------------|--|------------------------|--|
| | NUMBER OF SHARES | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER OF SHARES | WEIGHTED AVERAGE EXERCISE PRICE |
| Outstanding, beginning of year | 10,686,231 | \$ 0.39 | 9,136,231 | \$ 0.40 |
| Granted | 250,000 | 0.30 | 1,600,000 | 0.35 |
| Exercised | - | | - | |
| Expired | - | | (50,000) | 0.36 |
| Outstanding, end of year | 10,936,231 | 0.39 | 10,686,231 | 0.39 |
| Weighted average fair value of options granted during the year | | \$ 0.04 | | \$ 0.04 |

The fair value of consultant and employee options granted during the 2007 and 2006 years respectively was estimated using the Black-Scholes option pricing model assuming a dividend yield of 0.0%, expected volatility of 62%, risk free interest rate of 4.6% and weighted average expected option terms of 2 years

As of December 31, 2007, there was approximately \$21,000 of total unrecognized compensation expense related to non-vested stock options. This expense is expected to be recognized on a straight line basis until August 2008.

ABLEAUCTIONS.COM, INC.

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17.

STOCK-BASED COMPENSATION (Continued)

The following table summarizes information about stock options outstanding and exercisable at December 31, 2007:

| | RANGE OF EXERCISE PRICE | WEIGHTED NUMBER OUTSTANDING | AVERAGE REMAINING CONTRACTUAL LIFE | NUMBER EXERCISABLE |
|----|-------------------------------|-----------------------------------|---|-----------------------|
| \$ | 0.15 - 0.25 | 515,000 | 2 years | 515,000 |
| | 0.30 | 250,000 | 1 year | 250,000 |
| | 0.35 - 0.36 | 4,807,000 | 2 years | 4,207,000 |
| | 0.40 - 0.50 | 5,364,231 | 2 years | 5,364,231 |
| | | 10,936,231 | | 10,336,231 |

18.

CAPITAL STOCK

Issuance of Capital Stock

On April 9, 2007, the Company completed a private placement of 2,941,175 units consisting of one common share and three share purchase warrants (the "Warrants") priced at \$0.20 per Unit, with the President and director of the Company. Each Warrant entitles the holder to purchase three additional common shares at an exercise price of \$0.20 for a term of 10 years expiring, if not exercised, on April 9, 2017. The total purchase price of the Units was \$588,235 with share issuance costs incurred by the Company of \$60,000.

Based on the market trading price at the time of the offering the fair market value of each share was calculated to be US\$0.20 and the fair market value of each warrant was calculated to be US\$0.09. The Black-Scholes model was used to determine the fair market value of each warrant with an exercise price of US\$0.20, an expected exercise term of 5 years, a volatility of 44% based on price fluctuations over a prior one year period and a risk adjusted market interest rate of 4%.

Treasury Stock

On July 23, 2007, the Company initiated a stock purchase program. The purchases would occur from time to time at the Company's discretion, with the Company's currently available cash reserves. No specific number of shares or dollar value has been established by the Company.

For the year ended December 31, 2007, the Company repurchased 3,585,376 shares for a total cost of \$669,562, but the shares have not been cancelled as of December 31, 2007.

Subsequent to December 31, 2007, the Company repurchased an additional 1,313,431 shares for a cost of \$193,555. The total number of shares repurchased by the Company to date is 4,898,807 for a total cost of \$863,117. On March 3, 2008, 4,595,368 shares, which was the outstanding balance at that time, were cancelled and returned to the authorized capital stock of the Company.

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19.

CONTINGENT LIABILITIES

a)

The Company is ordinarily involved in claims and lawsuits which arise in the normal course of business. Except as disclosed below, in managements opinion none of these claims will have a significant effect on the Company s financial condition.

b)

The Company is a defendant in several legal actions commenced by certain trade creditors of one of its wholly-owned US subsidiaries. The ultimate liability, if any, arising from this action is not expected to exceed \$20,000 and will be recorded at the time of that determination, if necessary.

c)

A former employee of the Company has demanded payment of over \$115,000 for past commissions that were not paid. Management of the Company believed that this claim is unfounded and without merit. The ultimate liability, if any, arising from this action will be recorded at the time of that determination, if necessary.

20.

COMMITMENTS

a)

The Company is committed to payments with respect to agreements to lease office premises. Future minimum payments required under the leases are as follows:

| | |
|------|------------|
| 2008 | \$ 62,854 |
| 2009 | 23,756 |
| 2010 | 20,556 |
| 2011 | 5,139 |
| | \$ 112,305 |

b)

The Company is committed to additional commissions and bonuses to be paid in the amount of \$642,164 (\$689,750 CAD) upon the successful completion of the sales and transfer of strata lots related to the development of its condominium project in Surrey as described in Note 7(b).

c)

The Company is committed to a payment of \$103,342 (\$111,000 CAD) for 2/5/10 year home warranty insurance coverage related to its condominium development project in Surrey as described in Note 21(f).

d)

The Company has unconditionally guaranteed the interest and repayment of a demand loan to Envision Credit Union ("ECU") related to its Township Holdings Joint Venture. The guarantee continues until the loans, including accrued interest and fees have been paid in full, with the final loan amount due upon demand. The maximum amount is limited to the sum of unpaid principal and interest amounts. As of December 31, 2007, the maximum amount of the guarantees was approximately \$1.4 million. The Company estimated a value of \$40,535 for this guarantee, and has provided a provision of \$40,535 for the guarantee liability, which is included in Accounts payable and accrued liabilities at December 31, 2007.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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21.

SEGMENTED INFORMATION

The Company has three reportable segments:

- Auction, Liquidation and Technology Business segment
- Real Property and Property Development segment
- Investment segment

Through the Auction, Liquidation and Technology Business segment, the Company provides auction broadcast technology, liquidation and merchandizing services, and technology to businesses to assist them with managing the sale of their products.

This segment information consists of the iCollector, Jarvis, Unlimited Closeouts and Rapidfusion operations.

Through the Real Property and Property Development segment, the Company manages its real property and property development. This segment information consists of 1963 Lougheed Holding Ltd., a holding company where the Ableauctions head office is located - 1963 Lougheed Highway, Coquitlam, B.C., Gruv Holding Corporation, the Company's real estate project located at 9655 King George Highway, Surrey, Gruv Development Corporation, 0716590 B.C. Ltd. and the Company's interest in the Township Holdings joint venture.

Through the Mortgages and Loans segment, the Company manages its marketable securities mortgages and loans to third parties. This segment consists of investments by Axion Investment Corporation, Ableauctions.com Inc and AAC Holdings Ltd.

Through the investment segment, the company manages its marketable securities and loans to third parties. This segment consists of investments by Axion Investment Corporation, Ableauctions.com Inc. and AAC Holdings Ltd.

The Other segment encompasses all other activities of the Company including management, investor relations and other related head office expenses incurred by Ableauctions.com Inc., which are also included in determining this segment's profits.

The Company's reportable segments are strategic business units that offer different products and services and are managed separately.

ABLEAUCTIONS.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

21.

SEGMENTED INFORMATION (Continued)

Following is the segmented information for the year ended December 31, 2007:

| | Real Property & Property Development | Mortgages and Loans | Auction, Liquidation & Technology Businesses | Other | Total |
|---|--|------------------------|---|-----------|------------|
| External revenue by market | | | | | |
| US | - | - | 4,329,617 | - | 4,329,617 |
| Canada | 143,050 | - | 417,504 | - | 560,554 |
| Other | - | - | 48,747 | - | 48,747 |
| Total Revenue From External Customer | 143,050 | - | 4,795,868 | - | 4,938,918 |
| Investment income | - | 397,977 | - | - | 397,977 |
| Interest expense | 52,012 | - | - | - | 52,012 |
| Depreciation and amortization | 39,765 | - | 154,972 | - | 194,737 |
| Segment profit | (132,378) | 511,253 | (425,807) | (646,326) | (693,258) |
| Segment assets | 8,951,031 | 2,172,035 | 2,955,711 | 340,609 | 14,419,386 |
| Expenditures on long-lived assets | 1,816,545 | | 34,267 | | 1,850,812 |
| Investment in joint venture | 1,507,403 | - | - | - | 1,507,403 |

Following is the segmented information for the year ended December 31, 2006:

| | Real Property & Property Development | Mortgages and Loans | Auction, Liquidation & Technology Businesses | Other | Total |
|---|--|------------------------|---|-----------|------------|
| External revenue by market | | | | | |
| US | - | - | 5,618,665 | - | 5,618,665 |
| Canada | 124,185 | - | 469,384 | - | 593,569 |
| Other | - | - | 31,631 | - | 31,631 |
| Total Revenue From External Customer | 124,185 | - | 6,119,680 | - | 6,243,865 |
| Investment income | - | 541,006 | - | - | 541,006 |
| Interest expense | 16,112 | 17,674 | - | - | 33,786 |
| Depreciation and amortization | 39,676 | - | 140,828 | - | 180,504 |
| Segment profit | 69,795 | 341,424 | 8,951 | (252,937) | 167,233 |
| Segment assets | 5,092,520 | 4,800,872 | 3,455,019 | 176,303 | 13,524,714 |
| Expenditures on long-lived assets | 98,886 | - | 149,763 | - | 248,649 |
| Investment in joint venture | 1,237,269 | - | - | - | 1,237,269 |

During the 2007 year, the revenue of the Company from one customer of the Auction, Liquidation and Technology Businesses segment exceeded 10% of its total revenue. Revenue from the customer totalled \$1,932,241

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21.

SEGMENTED INFORMATION (Continued)

During the 2006 year, the revenue of the Company from one customer of the Auction, Liquidation and Technology Businesses segment exceeded 10% of its total revenue. Revenue from the customer totalled \$912,088.

Geographic Information

The external sales and long-lived assets of the Company's businesses by geographical region are summarized below:

| | 2007 | | 2006 |
|-------------------|--------------|----|-----------|
| External Sales | | | |
| United States | \$ 4,329,617 | \$ | 5,618,665 |
| Canada | 560,554 | | 593,569 |
| Other | 48,747 | | 31,631 |
| | \$ 4,938,918 | \$ | 6,243,865 |
| Long-Lived Assets | | | |
| United States | \$ 12,752 | \$ | 8,333 |
| Canada | 7,650,283 | | 4,734,554 |

\$ 7,663,035 \$ 4,742,887

22.

SUBSEQUENT EVENTS

a)

Subsequent to December 31, 2007, the Company entered into a loan arrangement with a commercial borrower:

i)

Loan advanced on February 1, 2008 in the amount of \$452,579 (\$450,000 CAD), bears interest at 9.5% per annum (interest is receivable at \$3,660 (\$3,932 CAD) per month), with the principal due for repayment on February 1, 2009. The loan is secured by a mortgage on the property and a general security agreement over the assets of the borrower.

b)

On January 4, 2008, 795,384 of the warrants that were exercisable at \$0.80 per share expired.

c)

Subsequent to December 31, 2007, the Company obtained a new credit facility from the Royal Bank of Canada for the GRUV development project in Surrey in the amount of \$16.56 million (\$16.421 million CAD), as described in Note 7(b).

d)

On February 15, 2008, the Company entered into a Construction Management contract with Cantera Management for the GRUV Development, as described in Note 7(b).

e)

The Company has listed the building that it owns at 1963 Lougheed Hwy, Coquitlam, BC, for sale with the intention of leasing back the premises that it currently occupies from any prospective buyer on a 5 year renewable term.

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22.

SUBSEQUENT EVENTS (Continued)

f)

Subsequent to Dec 31, 2007, the Company renewed the home warranty coverage of the Gruv development for a period of 1 year from April 18, 2007 to April 18, 2008, for a premium of \$103,342 (\$111,000 CAD).

g)

Subsequent to December 31, 2007, the Company repurchased an additional 1,313,431 shares of its common stock for a cost of \$193,555. The total number of shares repurchased by the Company to date is 4,898,807 for a total cost of \$863,117. On March 3, 2008, 4,595,368 shares, which was the outstanding balance at that time, were cancelled and returned to the authorized capital stock of the Company.

23.

RECENT ACCOUNTING PRONOUNCEMENTS

(i) In September 2006, the FASB issued FASB Statement No. 157, *Fair Value Measurements* (FAS 157), which addresses how companies should measure fair value when they are required to use a fair value measure for recognition or disclosure purposes under generally accepted accounting principles. The FASB believes that the new standard will make the measurement of fair value more consistent and comparable and improve disclosures about those measures. FAS 157 is effective for fiscal years beginning after November 15, 2007. In February of 2008, the FASB issued FASB Staff Position 157-2 which delays the effective date of SFAS 157 for non-financial assets and liabilities which

are not measured at fair value on a recurring basis (at least annually) until fiscal years beginning after November 15, 2008. The Company is currently evaluating the requirements and impact of FAS 157 on the Company's consolidated financial statements, and will adopt the measurement and disclosure provisions related to financial assets and financial liabilities on January 1, 2008. FAS 157 is not expected to have a material impact on the Company's consolidated financial statements.

(ii) In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115* (SFAS 159). SFAS 159 permits entities to elect to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact of SFAS 159 on the Company's consolidated financial statements.

(iii) In December 2007, the FASB issued SFAS No. 160, *Non-Controlling Interests in Consolidated Financial Statements an amendment of ARB No. 51* (SFAS 160). SFAS 160 establishes new standards for the accounting for and reporting of non-controlling interests (formerly minority interests) and for the loss of control of partially owned and consolidated subsidiaries. SFAS 160 does not change the criteria for consolidating a partially owned entity. SFAS 160 is effective for fiscal years beginning after December 15, 2008. The provisions of SFAS 160 will be applied prospectively upon adoption except for the presentation and disclosure requirements, which will be applied retrospectively. The Company does not expect the adoption of SFAS 160 will have a material impact on the Company's consolidated financial statements.

(iv) In December 2007, the FASB issued SFAS No. 141(revised 2007) (SFAS 141R), a revision of SFAS 141, *Business Combinations*. SFAS 141R establishes requirements for the recognition and measurement of acquired assets, liabilities, goodwill, and non-controlling interests. SFAS 141R also provides disclosure requirements related to business combinations. SFAS 141R is effective for fiscal years beginning after December 15, 2008. SFAS 141R will be applied prospectively to business combinations with an acquisition date on or after the effective date.