

INTERNET BUSINESS INTERNATIONAL INC
Form 10-Q
February 15, 2001

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED
DECEMBER 31, 2000

OR

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

COMMISSION FILE NUMBER: 33-43621

INTERNET BUSINESS'S INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or jurisdiction of incorporation
or organization)

33-0845463
(I.R.S. Employer
Identification No.)

4634 South Maryland Parkway, Suite 101, Las Vegas, Nevada
(Address of principal executive offices)

89119
(Zip Code)

Registrant's telephone number: (702) 968-0008

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

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

As of December 31, 2000, the Registrant had 232,755,519 shares of
common stock issued and outstanding.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION	PAGE
ITEM 1. FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2000 AND JUNE 30, 2000	3
CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS AND SIX MONTHS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999	4

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CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2000 AND SEPTEMBER 30, 1999	5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	6
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	11
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	15
PART II - OTHER INFORMATION	
ITEM 1. LEGAL PROCEEDINGS	15
ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS	15
ITEM 3. DEFAULTS UPON SENIOR SECURITIES	15
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	15
ITEM 5. OTHER INFORMATION	15
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K	15
SIGNATURE	16
PART I.	
ITEM 1. FINANCAL STATEMENTS.	

INTERNET BUSINESS'S INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	December 31 2000	June 30 2000
ASSETS		
Cash and cash equivalents	\$ 358,856	\$1,661,963
Accounts receivable, net	83,316	128,389
Mortgage notes held for sale	2,277,777	2,907,741
Prepaid expenses and other	16,794	127,905
Total current assets	2,736,743	4,825,998
Property and equipment, net	896,557	575,061
Intangible assets, net	2,732,050	2,884,174
Investments in unconsolidated companies	894,707	0
Note receivable	488,700	654,009
	\$ 7,748,757	\$8,939,242
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 599,179	\$ 317,998
Accrued liabilities	57,254	48,900
Revolving line of credit	2,706,156	2,958,563
Current portion of long-term debt	31,653	29,165
Deferred revenues	215,376	247,090

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Total current liabilities	3,609,618	3,601,716
Long-term debt	214,062	203,931
Minority interest in subsidiaries	(25,526)	(5,868)
Stockholders' equity:		
Preferred stock, par value \$100.00 per share; 1,000,000	1,817,000	2,390,000
shares authorized; 18,170 and 23,900 issued and outstanding respectively as of December 31, 2000 and June 30, 2000		
Common stock, par value \$0.001 per share; 349,000,000	2,327,555	2,211,151
shares authorized; 232,755,519 and 221,115,113 shares issued and outstanding respectively as of December 31,2000 and June 30, 2000		
Additional paid-in capital	3,669,490	3,669,490
Accumulated deficit	(3,863,442)	(3,131,178)
Total stockholders' equity	3,950,603	5,139,463
Total liabilities and stockholders' equity	\$7,748,757	\$8,939,242

The accompanying notes are an integral part of these financial statements

INTERNET BUSINESS'S INTERNATIONAL, INC. CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended		Six Months Ended	
	December 31 2000	December 31 1999	December 31 2000	December 31 1999
Revenues	\$6,539,850	\$ 540,102	\$13,439,787	\$ 835,548
Cost and expenses:				
Cost of revenues	5,108,321	199,102	11,173,187	404,950
Interest expense	0	0	2,726	0
Selling, general and admin.	1,583,242	319,314	3,420,286	406,033
Depreciation and amortization	47,163	0	289,322	0
Total costs and expenses	6,738,726	518,416	14,885,521	810,983
(Loss) income from operations	(198,876)	21,686	(1,445,734)	24,565
Other income (expense):				
Gain on sale of equity investments	102,117	0	410,529	0
Interest income	218,018	0	279,160	0
Other expenses	(1,806)	0	(6,047)	0
Total other income, net	318,329	21,686	0	683,642
Income (loss) before minority interest				
Minority interest in loss of sub	(10,170)	0	(29,828)	0

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Net (loss) income	129,623	21,686	(732,264)	24,565
Net loss (income) per common share	Nil	Nil	Nil	Nil
Weighted average number of Common shares outstanding	225,539,580	181,737,364	225,539,580	181,737,364

The accompanying notes are an integral part of these financial statements

INTERNET BUSINESS'S INTERNATIONAL, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended	
	December 31 2000	December 31 1999
Cash Flows From Operating Activities:		
Net (loss) income	\$ (732,264)	\$ 2,079
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	289,322	163,587
Gain on sale of equity investment	(410,529)	0
Minority interest	(29,828)	0
Changes in operating assets and liabilities:		
Accounts receivable	83,316	(183,352)
Inventories	0	(73,771)
Mortgage loans receivable	569,110	0
Prepaid expenses and other	16,794	287,245
Accounts payable	57,254	207,757
Accrued liabilities	47,005	201,253
Deferred revenues	(16,984)	0
Net cash (used in) provided by operating Activities	(126,804)	604,798
Cash Flows From Investing Activities:		
Purchases of property and equipment	(292,896)	(196,664)
Purchase of intangible assets	0	(564,562)
Proceeds from sale of investment in company	559,812	0
Investments in companies' stock	(1,025,357)	0
Net cash used in investing activities	(758,441)	(761,226)
Cash Flows From Financing Activities:		
Net repayments under revolving line of Credits	(627,784)	0
Net repayment of long-term debt	177,740	77,546
Collection of notes receivable - Stockholder	32,182	0
Issuance of common stock	0	364
Net cash (used in) provided by financing Activities	(417,862)	77,910
Net decrease in cash	(1,303,107)	(78,518)
Cash, beginning of period	1,661,963	82,577

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Cash, end of period	358,856	4,059
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The accompanying notes are an integral part of these financial statements

INTERNET BUSINESS'S INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ materially from those estimates. The unaudited consolidated financial statements of the Company include the accounts of all of its wholly or majority owned subsidiaries. All intercompany accounts or transactions have been eliminated.

The unaudited consolidated financial statements at December 31, 2000 and for the three and six months ended December 31, 2000 and 1999 are unaudited, but include all normal recurring adjustments and accruals which are necessary to fairly state the Company's consolidated financial position, results of operations and cash flows for the periods presented. Operating results for the three and six months ended December 31, 2000 and 1999 are not necessarily indicative of results that may be expected for any future periods. The consolidated balance sheet at June 30, 2000 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

The information included in this report should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2000.

2. Acquisitions

First Quarter of Fiscal Year June 30, 2001

PMCC Financial Corp.

On July 28, 2000, the Company entered into an agreement with PMCC Financial Corp. ("PMCC"), a full-service mortgage banking company, whereby the Company would purchase 2,460,000 shares of PMCC common stock from PMCC's former chairman of the board, which represents 66.36% of the 3,707,000 total PMCC shares outstanding. The aggregate purchase price of \$3,198,000 is to be paid in cash to the seller by the Company as follows: \$700,000 at date of closing; \$306,857 for each of the seven installment payments to be paid on the 30th, 60th, 90th, 120th, 150th, 180th and 210th days following the close; \$175,000 on each of the 240th and 270th day after the date of the closing. Shares of PMCC will be released to the Company based on payments made by the Company, as outlined in the agreement. Shares of PMCC, a listed AMEX company, are currently not trading. In the event that three months after closing, if PMCC's shares are not actively trading on the AMEX or NASDQ exchanges and the Company has not merged PMCC with the Company or any of the Company's subsidiaries, the purchase price

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shall be reduced by the amount of the final two \$175,000 payments. As of September 30, 2000, the Company has paid approximately \$1,043,000, representing the payment due at closing and the 1st installment, and has received 269,230 shares of PMCC, representing approximately 7% of the total outstanding stock of PMCC.

Also on July 28, 2000, in a separate transaction, the Company entered into a stock purchase agreement with an unrelated individual whereby the Company would sell up to 370,000 of PMCC shares that the Company either owns or will eventually own, for total consideration of \$1,387,500. Shares of PMCC stock sold by the Company will be released to the buyer in proportion to payments received.

As of December 31, 2000, the Company received payments of \$559,812 and the Company released 149,283 shares of PMCC stock that it owned. If PMCC is not actively trading within six months of the agreement, the Company will issue to the Buyer the equivalent number of shares of stock of the Company. PMCC has been actively trading as of January 19, 2001, and the gain on the sale of the PMCC stock of \$410,529 has been included in revenues for the period ending December 31, 2000.

As of February 12, 2001, the former Chairman of the Board of PMCC and the Company have yet to reach agreement on the renegotiated purchase price for the stock that is being acquired by the Company.

In January 2001, the PMCC was delisted from the American Stock Exchange and began trading on the Pink Sheets under the symbol of "PMCF"; this met the trading requirement as per the stock sale agreement the Company had entered into with an unrelated individual during the first quarter of this fiscal year.

International Business Co., Inc.

On August 11, 2000, the Company entered into an agreement to acquire all of the outstanding shares of International Business Co. ("IBC"), a software developer that streamlines B2B e-commerce, in exchange for 2,000,000 shares of restricted Company shares to be held in escrow, with 1,000,000 restricted company shares released to the seller on August 11, 2001 and the remaining 1,000,000 shares released on April 11, 2002. Between September 1, 2000 through March 1, 2001, the Company can unilaterally cancel the contract if dissatisfied with the seller's performance. As of September 30, 2000, the Company has not completed its acquisition of IBC and has advanced monies to IBC totaling \$18,500.

As of December 31, 2000 the Company has not completed the acquisition of IBC, which is not schedule to close until the end of January 31, 2001.

Second Quarter of Fiscal Year ending June 30, 2001

SonicAuction.com

On October 5, 2000, the Company entered into a Stock Purchase Agreement to acquire all of the outstanding stock of SonicAuction.com, a business-to-business auction marketplace that provides a forum for business merchants to purchase equipment and

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merchandise. The agreement calls for the Company to issue to the Seller 500,000 shares of Company stock (with certain restrictions as set forth in the agreement), in exchange for all of the outstanding and treasury shares of common stock of SonicAuction.com.

Auction-Sales.com

On October 20, 2000, the Company entered into a Stock Purchase Agreement ("Agreement") with Auction-Sales.Com, Inc. and its majority shareholder, Zahid Rafiq (collectively, "Seller"), for the purchase by the Company of 96.62% of the outstanding and treasury shares of common stock ("Shares") of Auction-Sales.Com, Inc., a leading edge e-commerce dynamic pricing application service provider and has developed a proprietary state of the art hybrid auction platform that address the combined needs of the B2C, B2B and C2C markets. In exchange for the Shares, the Company will pay, under the terms of the agreement, the following: (a) 11,000,000 shares of Company's restricted common stock to Seller for all of Seller's Shares, as follows: (i) 5,500,000 restricted shares will be issued to the Seller's current shareholders, as defined (ii) 2,500,000 restricted shares will be paid to certain creditors of the Seller. Seller represents that all of these creditors are unsecured.

Seller shall procure signed consents from each creditor confirming the agreement to accept restricted shares in proportion to their claims within 60 days of closing of the transaction. Failure to procure signed consents will justify rescission of this Agreement at the option of the Company, such that each party shall restore to the other the consideration which each placed into the Agreement. (iii) 3,000,000 restricted shares of the purchase price will be paid to outside consultants for work performed for facilitating the transaction (b) Earn out for the "Seller": The Seller shall be paid up to an additional \$3,000,000 based upon earnings over the next 3 years through additional restricted stock. The earn out will be based on a 10% growth per year over the previous years' revenue. The \$3,000,000 will be distributed equally over the subsequent 3 year i.e. \$1,000,000 per year, and can be cumulative. This earn out is further defined as follows: (i) The initial base Year ends on 9-30-00. The subsequent year base will be the previous revenue (ii) The stock will be issued per quarter upon reaching the Goal per quarter for that portion of the annualized growth of 10% over the previous year. The Company may invest up to \$2,000,000 in Auction-Sales.Com, Inc., at a rate not to exceed \$500,000 per quarter, based on performance on Auction-Sales.Com as a function of gross revenues and based on a budget, which is pre-approved by Company.

As of December 31, 2000 the acquisition was rescinded and the necessary filings with the SEC were filed in January 2001.

3. Net Loss Per Share

Basic net loss per shares has been computed by dividing net loss by the weighted average number of shares outstanding during the period. Diluted net loss per share is computed by adjusting the weighted average number of shares outstanding during the period for all potentially dilutive shares outstanding during the period. Net loss and weighted average shares outstanding used for computing diluted loss per share were the same as that used for

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computing basic loss per share for the three and six months ended December 31, 2000 and 1999.

4. Segment Information

Management has determined that there are four reportable segments based on the customers served by each segment: Full service internet service provider (ISP), mortgage banking business, and e-commerce ("B2BC") business-to-business and or to-consumer provider and marketing ("B2B") business-to-business and ("B2C") business-to-consumer. Such determination was based on the level at which executive management reviews the results of operations in order to make decisions regarding performance assessment and resource allocation.

Certain general expenses related to advertising and marketing, information systems, finance and administrative groups are not allocated to the operating segments and are included in "other" in the reconciliation of operating income reported below. Information on reportable segments is as follows:

	Six Months Ended	
	December 31, 2000	December 31, 1999
Full-service ISP		
Net sales	\$ 1,402,448	\$ 835,548
Operating income	257,676	24,565
Mortgage loan originations held for resale		
Net sales	11,173,276	
Operating income	(548,318)	
E Commerce (B2BC)		
Net sales	42,816	
Operating income	(134,630)	
Marketing (B2BC)		
Net sales	457,862	
Operating income	(335,065)	
Other		
Other Income	363,385	
Net Income	28,073	
Total		
Net sales	13,439,787	835,548
Operating income	(732,264)	24,565

Prior to December 31 1999, the Company only had one reportable segment, full-service ISP provider services.

5. Stock Issuance.

The following shares were issued 1. 500,000 shares of restricted 144 stock for the acquisition of Sonic Auction.Com; and 2. pursuant to the agreement with the conversion rights of the Preferred Stock issued December 15, 1998. The following shares were converted to common based upon the 10 day average of the closing bid price prior to the to the conversion date. 7,140,406.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the financial statements of the Registrant and notes thereto contained elsewhere in this report.

Results of Operations.

Revenues for the three-month period ended December 31, 2000 of \$6,539,850 increased 121% when compared with revenues of \$540,102 in the prior year comparable period of the fourth calendar quarter of 1999. Revenues for the six-month period ended December 31, 2000 of \$13,439,787 increased 162% when compared to the revenues of 835,548 for the comparable period ended December 31, 1999.

The gross profits margin of 21.9% for the three months ended and 17.7% for six months December 31, 2000 is a decrease from the gross profit margin of 36.9 % for the same three-month period and 30.1% for the same six-month period of the previous fiscal year. Current fiscal margins for the second quarter of this fiscal year are reflective of the acquisitions made by the company and its related increase in overhead. The Company for the three months ended December 31, 2000 posted a net profit for the quarter of \$129,623.

Selling, general, and administrative expenses for the six months ended December 31, 2000 increased to \$3,420,286 which is a significant increase when compared with the \$ 406,033 for the prior years comparable period. This increase is again due to the acquisitions made during the last 12 months.

The resulting net loss for the six months ended December 31, 2000 was \$737,146, which is a significant change when compared with a profit of \$24,565 for same period ending December 31, 1999. \$394,689 of the loss represents "Depreciation and Amortization". The net loss of \$732,264 for the six months ended December 31, 2000 is an improvement over the net loss for the three months ended September 30, 2000 of \$861,887 by \$126,623.

The most significant change the made during this quarter was to reduce cost of revenues by \$956,545 over the previous quarter with only an over all reduction in sales of \$360,087.

Liquidity and Capital Resources.

Net cash provided by the operations of the Registrant was \$358,856 for the three months ended December 31, 2000 versus net cash provided by operating activities of \$4,059 in the comparable prior year period.

Capital Expenditures.

Other than as follows, no material capital expenditures were made during the two quarters ended on December 31, 2000: purchase of infrastructure equipment totaling \$467,248.

Acquisitions

- (a) Stock in PMCC Financial Corp.

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On July 28, 2000, the Registrant entered into an agreement with PMCC Financial Corp. ("PMCC"), a full-service mortgage banking company, whereby the Registrant would purchase 2,460,000 shares of PMCC common stock from PMCC's former chairman of the board, which represents 66.36% of the 3,707,000 total PMCC shares outstanding (see Exhibit 10.11 to this Form 10-Q). The aggregate purchase price of \$3,198,000 is to be paid in cash to the seller by the Registrant as follows: \$700,000 at date of closing; \$306,857 for each of the seven installment payments to be paid on the 30th, 60th, 90th, 120th, 150th, 180th and 210th days following the close; \$175,000 on each of the 240th and 270th day after the date of the closing. Shares of PMCC will be released to the Registrant based on payments made by the Registrant, as outlined in the agreement. Shares of PMCC, a listed AMEX company, are currently not trading. In the event that three months after closing, if PMCC's shares are not actively trading on the AMEX or NASDQ exchanges and the Registrant has not merged PMCC with the Registrant or any of the Registrant's subsidiaries, the purchase price shall be reduced by the amount of the final two \$175,000 payments. As of September 30, 2000, the Registrant has paid approximately \$1,043,000, representing the payment due at closing and the 1st installment, and has received 269,230 shares of PMCC, representing approximately 7% of the total outstanding stock of PMCC. The Registrant is currently renegotiating the terms of this transaction.

Also on July 28, 2000, in a separate transaction, the Registrant entered into a stock sales agreement with an unrelated individual whereby the Registrant would sell up to 370,000 of PMCC shares that the Registrant either owns or will eventually own, for total consideration of \$1,387,500 (see Exhibit 10.12 to this Form 10-Q). Shares of PMCC stock sold by the Registrant will be released to the buyer in proportion to payments received. As of September 30, 2000, the Registrant received payments of \$420,563 and the Registrant released 112,150 shares of PMCC stock that it owned. If PMCC shares are not actively trading within six months of the agreement, the Registrant will issue to the Buyer the equivalent number of shares of stock of the Registrant. Management has represented that PMCC will become actively trading within the six-month period, and the Registrant has recognized a gain on the sale of the PMCC stock of \$308,413 during the three months ended September 30, 2000.

(b) International Business Co.

On August 11, 2000, the Registrant entered into an agreement to acquire all of the outstanding shares of International Business Co. ("IBC"), a software developer that streamlines B2B e-commerce, in exchange for 2,000,000 shares of restricted Registrant shares to be held in escrow, with 1,000,000 restricted company shares released to the seller on August 11, 2001 and the remaining 1,000,000 shares released on April 11, 2002 (see Exhibit 10.13 to this Form 10-Q). Between the period from September 1, 2000 through March 1, 2001, the Registrant can unilaterally cancel the contract if dissatisfied with the seller's performance. As of September 30, 2000, the Registrant has not completed its acquisition of IBC and has advanced monies to IBC totaling \$18,500.

(c) Sonic Auction.com.

100% of the web based auction site Sonic Auction.com was acquired

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by the Registrant on October 5, 2000 in exchange for 500,000 shares of restricted common stock of the Registrant (see Exhibit 10.14 to this Form 10-Q). Sonic Auction is a B2B auction marketplace, providing a auction site for business merchants to purchase equipment, and merchandise at a discount. This site has a loyal customer base and had sales of over \$2,000,000 for the year ended December 31, 1999. The site has over \$400 million worth of auction-able product currently listed for auction.

(d) Auction-Sales.Com, Inc.

On October 19, 2000, the Registrant entered into a Stock Purchase Agreement with Auction-Sales.Com, Inc. and its majority shareholder, Zahid Rafiq (collectively, "Seller"), for the purchase by the Registrant of 96.62% of the outstanding and treasury shares of common stock of Auction-Sales.Com, Inc., a Delaware corporation (see Exhibit 10.15 of this Form 10-Q). In exchange for the shares, the Registrant will pay, under the terms of this agreement, the following:

(a) 11,000,000 shares of Registrant's restricted common stock to Seller for all of Seller's Shares, as follows:

(i) 5,500,000 restricted shares will be issued to current shareholders, identified on the list attached to the Agreement.

(ii) 2,500,000 restricted shares will be paid to certain creditors of the Registrant identified in an attachment to the Agreement. Seller represents that all of these creditors are unsecured. Seller shall procure signed consents from each creditor confirming the agreement to accept restricted shares in proportion to their claims within 60 days of closing of the transaction. Failure to procure signed consents will justify rescission of this Agreement at the option of the Registrant, such that each party shall restore to the other the consideration which each placed into the Agreement.

(iii) 3,000,000 restricted shares of the purchase price will be paid to outside consultants for work performed for facilitating the transaction.

(b) Earn out for the "Seller": The Seller shall be paid up to an additional \$3,000,000 based upon earnings over the next 3 years through additional restricted stock. The earn out will be based on a 10% growth per year over the previous years revenue. The \$3,000,000 will be distributed equally over the subsequent 3 year i.e. \$1,000,000 per year, and can be cumulative. This earn out is further defined as follows:

The initial base Year ends on September 30, 2000. The subsequent year base will be the previous revenue .

(ii) The stock will be issued per quarter upon reaching the Goal per quarter for that portion of the annualized growth of 10% over the previous year.

(c) The Registrant may invest up to \$2,000,000 in Auction-Sales.Com, Inc., at a rate not to exceed \$500,000 per quarter, based on performance on Auction-Sales.Com as a function of gross revenues and based on a budget, which is pre-approved by the Registrant.

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Auction-Sales.Com is an e-commerce pricing application service provider. Auction-Sales.Com has developed a proprietary state of the art hybrid auction platform that address the combined needs of the B2C, B2B and C2C markets. This is accomplished by providing a single integrated marketplace and portal technology that empowers all parties, including manufacturers, distributors, resellers and consumers. The Auction-Sales.Com platform provides supply chain integration and economies of scale in connection with dynamic pricing application targeting businesses and /or consumers.

This acquisition was rescinded in December 2000. The site was retained until the funds invested into Auction-Sales.Com are returned which at this time management has very low expectations of occurring.

Other Agreement - Washington State Hotel and Motel Association.

The agreement, entered into in the ordinary course of business, with the Washington State Hotel and Motel Association, dated October 4, 2000, provides the use of the GGPP reverse auction site as a platform for hotel association members purchasing products needed for their different hotel properties. This method of purchasing allows the suppliers of products the chance to sell products to the buyers in competition with one another, the net effect is that the buyers would select the supplier with the lowest per unit cost. This reduces the cost of supplies and thereby should increase their potential of profit. This agreement covers the modification of the GGPP website for use by the Association, and does not involve any payment by the Registrant.

Forward Looking Statements.

The foregoing Management's Discussion and Analysis of Financial Condition and Results of Operations contains "forward looking statements" within the meaning of Rule 175 of the Securities Act of 1933, as amended, and Rule 3b-6 of the Securities Act of 1934, as amended, including statements regarding, among other items, the Registrant's business strategies, continued growth in the Registrant's markets, projections, and anticipated trends in the Registrant's business and the industry in which it operates. The words "believe," "expect," "anticipate," "intends," "forecast," "project," and similar expressions identify forward-looking statements. These forward-looking statements are based largely on the Registrant's expectations and are subject to a number of risks and uncertainties, certain of which are beyond the Registrant's control. The Registrant cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward looking statements, including, among others, the following: reduced or lack of increase in demand for the Registrant's products, competitive pricing pressures, changes in the market price of ingredients used in the Registrant's products and the level of expenses incurred in the Registrant's operations. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained herein will in fact transpire or prove to be accurate. The Registrant disclaims any intent or obligation to update "forward looking statements."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET

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RISK

Not applicable.

PART II.

ITEM 1. LEGAL PROCEEDINGS.

The Registrant is not a party to any material pending legal proceedings and, to the best of its knowledge, no such action by or against the Registrant has been threatened.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

In October 2000, the Registrant issued 500,000 shares of restricted common stock in connection with the acquisition of the Sonic Auction.com agreement (as discussed above).

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not Applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

Exhibits.

Exhibits included or incorporated by reference herein: See Exhibit Index

Reports on Form 8-K.

The following reports on Form 8-K were filed during the second quarter of the fiscal year covered by this Form 10-Q.

(a) A Form 8-K was filed on November 6, 2000 to report the acquisition of Auction-Sales.Com, as set forth above.

(b) A Form 8-K was filed on January 12, 2001 to report that based on certain breaches of the representations and warranties in the acquisition agreement with regard to Auction-Sales.Com by the seller, the Registrant, through its counsel, had notified the seller that since it failed to cure such breaches the Registrant was rescinding this agreement.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Internet Business's International, Inc.

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Dated: February 14, 2001

By: /s/ Albert R. Reda
Albert R. Reda, Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description
2	Agreement and Plan of Merger (incorporated by reference to Exhibit 2 to the Form 8-K/A filed on November 22, 1999)
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Form 10-Q filed on December 1, 1999).
3.2	Certificate of Amendment of Articles of Incorporation (incorporated by reference to Exhibit 3.2 to the Form 10-Q filed on December 1, 1999).
3.3	Certificate of Amendment of Articles of Incorporation (incorporated by reference to Exhibit 3.3 of the Form 10-Q filed on May 22, 2000).
3.4	Certificate of Amendment of Articles of Incorporation (incorporated by reference to Exhibit 3.4 of the Form 10-Q filed on May 22, 2000).
3.5	Bylaws (incorporated by reference to Exhibit 3.3 to the Form 10-Q filed on December 1, 1999).
4.1	Retainer Stock Plan for Non-Employee Directors and Consultants, dated October 1, 1999 (incorporated by reference to Exhibit 4.1 to Form S-8 filed on October 8, 1999)
4.2	Consulting Agreement between the Registrant and Mark Crist, dated October 5, 1999 (incorporated by reference to Exhibit 4.2 to Form S-8 filed on October 8, 1999)
10.1	Purchase Agreement (LA Internet) between the Registrant and Iron Horse Holdings, Incorporated, dated June 10, 1999 (incorporated by reference to Exhibit 10.2 to the Form 10-Q filed on December 1, 1999).
10.2	Purchase Agreement between the Registrant and the Stockholders of MBM Capital Group Inc., dated July 1, 1999 (incorporated by reference to Exhibit 10.3 to the Form 10-Q filed on December 1, 1999).
10.3	Acquisition Agreement (Net 2 Loan) between the Registrant and Lifestyle Mortgage Partners, dated September 15, 1999 (incorporated by reference to Exhibit 10.4 to the Form 10-Q filed on February 22, 2000).
10.4	Purchase Agreement (license) between the Registrant and Stockholders of California Land & Home Sale, Inc., dated October 1, 1999 (incorporated by reference to Exhibit 10.5 to the Form 10-Q filed on February 22, 2000).
10.5	Acquisition Agreement (Optical Brigade) between the Registrant and Wade Whitley, dated November 1, 1999 (incorporated by reference to Exhibit 10.6 to the Form 10-Q filed on February 22, 2000).

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- 10.6 Agreement for Acquisition between the Registrant and Direct Communications, Inc., dated February 25, 2000 (incorporated by reference to Exhibit 10.6 of the Form 10-Q filed on May 22, 2000).
- 10.7 Agreement between the Registrant and Internet 2xtreme, dated March 6, 2000 (incorporated by reference to Exhibit 10.7 of the Form 10-Q filed on May 22, 2000).
- 10.8 Agreement between the Registrant, Roanoke Technology Corp., and Global GPP Corp., dated March 21, 2000 (incorporated by reference to Exhibit 10.8 of the Form 10-Q filed on May 22, 2000).
- 10.9 Agreement between GPP Hungary Kft and Haitec Magyarorazagi Kft, dated March 30, 2000 (incorporated by reference to Exhibit 10.9 of the Form 10-Q filed on May 22, 2000).
- 10.10 Stock Purchase Agreement between the Registrant and Atlas Capital Corporation, dated April 1, 2000 (incorporated by reference to Exhibit 10.10 to the Form 10-K filed on September 27, 2000).
- 10.11 Stock Purchase Agreement between the Registrant and Ronald Friedman, Robert Friedman, and The Ronald Friedman 1997 Grantor Retained Annuity Trust, dated July 28, 2000 (incorporated by reference to Exhibit 10.11 of the Form 10-Q filed on November 16, 2000).
- 10.12 Stock Sales Agreement between the Registrant and a buyer, dated July 28, 2000 (incorporated by reference to Exhibit 10.12 of the Form 10-Q filed on November 16, 2000).
- 10.13 Stock Purchase Agreement between the Registrant, International Business Company, Dennis B. Ginther, Clifford J. Roebuck, Jadwiga L. Ginther, and Bogumila E. Basu, dated August 19, 2000 (incorporated by reference to Exhibit 10.13 of the Form 10-Q filed on November 16, 2000).
- 10.14 Stock Purchase Agreement between the Registrant, Sonic Auction.com, Inc., and Brian Pruett, dated October 5, 2000 (see below).
- 10.15 Stock Purchase Agreement between the Registrant, Auction-Sales.Com, Inc., and Zahid Rafiq, dated October 19, 2000 (see below).
- 21 Subsidiaries of the Registrant (see below).

EX-10.14

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT ("Agreement") is made and entered into as of October 5, 2000, by and between SONIC AUCTION.com, Inc., a Delaware Corporation and Brian Pruett, an individual (collectively "Seller"), and INTERNET BUSINESS'S INTERNATIONAL, INC., a Nevada Corporation ("Buyer").

RECITALS

- A. WHEREAS, Seller owns 100% of outstanding and treasury shares ("The Shares") of SONIC AUCTION.com, INC., ("The Company").
- B. WHEREAS, Seller desires to sell and transfer to Buyer and

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Buyer desires to purchase and acquire from Seller, 100% of the Shares of The Company, upon the terms and subject to the conditions set forth in this Agreement.

TERMS AND CONDITIONS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Purchase and Sale. Seller hereby sells, assigns, transfers and delivers to Buyer, and Buyer hereby purchases and acquires from Seller, the Shares upon the terms and subject to the conditions set forth in this Agreement.

2. Purchase Price; Payment Terms.

(a) The purchase price for the Shares is that Buyer shall transfer 500,000 shares of Buyer's stock, (IBUI: OTCBB), Common Stock to Seller.

(b) Seller has the right to hold all or part of received IBUI Common Stock, with terms of liquidation defined as follows: Seller shall have the right to sell up to 100,000 Shares of received stock per week, beginning one week after close of sale of The Company.

3. Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer as follows:

3.1 Authority. Seller has the right, power and authority to enter into this Agreement and to perform all obligations' required to be performed by it hereunder. The Company has the full power to transfer the Shares to Buyer without obtaining the consent or approval of any other person or governmental authority.

3.2 Title to Shares. Seller is the owner, beneficially and of record, of all the Shares free and clear of all liens, encumbrances, security agreements, equities, options, claims, charges, and restrictions.

3.3 Organization. SONIC AUCTION.com, INC., is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware and has all necessary corporate powers to own its properties and operate its business as now owned and operated by it. Exhibit "A" contains the Articles of Incorporation, Bylaws, Minutes and Stock Book of Seller.

3.4 Authorization. This Agreement and all other agreements and documents executed and delivered by Seller constitute valid and legally binding obligations of Seller enforceable in accordance with their respective terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and subject to availability of equitable remedies.

3.5 Capitalization. The authorized capital stock of The Company consists of shares of Common Stock, of which 100% of said shares are held in The Company's treasury or are issued to and in possession of Brian Pruett. All of the outstanding shares are validly issued, and paid, and nonassessable, and such shares have been so issued in full compliance with all federal and state securities laws. There are no outstanding subscriptions, options, rights, warrants, convertible securities, or other agreement or commitments obligating The Company to issue or to transfer from

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treasury any additional shares of its capital stock of any class.

3.6 Financials. Exhibit "B," to this Agreement contains the federal tax returns for The Company for the year 1999. To the best of Seller's knowledge, there are no outstanding taxes owed. Exhibit "C," to this Agreement sets forth the financial statements of The Company, including the balance sheets and statements of earnings as of September 30, 2000. The financial statements attached hereto as Exhibit "C," have been prepared in accordance with generally accepted accounting principles consistently followed by The Company throughout all periods indicated, and fairly present the financial position of The Company on the respective dates of the balance sheets included in the financial statements, and the results of its operations for the respective periods indicated. Exhibit "D," contains the financial projections for The Company for the years 2000 and 2001. Since September 30, 2000, there has not been any change in the financial condition or operations of The Company or its business, assets, properties or prospects, except as set forth on Exhibit "E," which also contains all of the debts and liabilities of The Company.

3.7 Absence of Undisclosed Liabilities. The Company is not aware of any debt, liability or obligation of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due, that is not reflected in the financial statements, except as set forth on Exhibit "E."

3.8 Tax Returns. Within the times and in the manner prescribed by law, The Company has filed all federal, state and local tax returns required by law and has paid all taxes, assessments, including but not limited to income and payroll taxes, and penalties. The provisions for taxes reflected in the financial statements are adequate for all federal, state, county and local taxes for the period that ended September 30, 2000, and for all prior periods, whether disputed or undisputed. There are no present disputes about taxes of any nature payable or owed by The Company.

3.10 Personal Property. The books and records of The Company contain a complete and accurate description and specify the location of all equipment, furniture, supplies and all other tangible personal property owned by, in the possession of, or used by The Company in connection with its business. No personal property is held under any lease, security agreement, conditional sales contract or other title retention or security arrangement, or is located other than in the possession and under the control of The Company. The tangible personal property reflected in those books and records constitutes all such tangible personal property necessary for the conduct by The Company of its business as now conducted. All of the tangible personal property of The Company is in good operating condition and repair, reasonable wear and tear excepted.

3.11 Title. The Company has good and marketable title to all of its assets and interest in assets, whether real, personal, mixed, tangible or intangible, which constitute all of the assets and interests in assets that are used in the business of The Company. All of these assets are free and clear of restrictions on or conditions to transfer or assignment and are free and clear of mortgages, liens, pledges, charges, encumbrances, equities and claims of third parties, except for (a) those disclosed on Exhibit "E;" and (b) the lien for current taxes not yet due and payable. Exhibit "F," to this Agreement is a schedule of all personal assets

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owned by The Company which are in its possession.

3.12 Accounts Receivable. All accounts receivable of The Company shown on the financial statements, and all accounts receivable of The Company created after September 30, 2000, arose from valid sales in the ordinary course of business. These amounts have been collected in full since that date as reflected in the books and records of The Company, or are collectible at their full amounts and are not subject to valid defenses, setoffs or counterclaims. The Company agrees that as of September 30, 2000, all receivables shall be the property of Buyer. Exhibit "G" contains accounts receivable.

3.13 Accounts Payable. Exhibit "H," to this Agreement is a complete and accurate list, with an accurate aging, of all trade and other accounts, notes and contract payables of The Company as of the date hereof, all of which arose in the ordinary course of business and are usual and normal in amount.

3.15 Contracts. Except as otherwise disclosed in any of the exhibits to this Agreement, The Company is not a party to, nor is its properties or assets bound by, any contract, agreement, understanding (whether written or verbal) of any nature whatsoever. There is no default or event that, with notice, lapse of time, or both, would constitute a default by any party to any agreement to which The Company is a party or by which it or its properties or assets are bound.

3.16 Employees and Employee Benefit Plans. Exhibit "I" to this Agreement is a correct and complete list of all full-time and part-time employees of The Company, together with their address, social security numbers and all current and promised salary, wage and bonus information. All of the employees of The Company are at-will employees and may be terminated by The Company at any time without liability and without any obligation to pay any severance or similar benefit. There are no employment contracts, collective bargaining agreement, pension, bonus, profit-sharing, stock option or other agreement or arrangement providing for employee remuneration or benefits to which The Company is a party or by which it is bound. The Company has delivered to Buyer a copy of its most current employee manual and description of all company policies and practices, including no discrimination, overtime, vacation, holiday and sick leave, if any. The Company's relationship with all of its employees is good. All unused vacation, holiday and sick leave, and any other paid time off, for all of the employees has been properly and accurately recorded in the books and records of The Company and are reflected on Exhibit "J," attached hereto. All records of The Company for each of its employees are complete and accurate.

3.17 Litigation. There is no pending, or, to Seller's knowledge, threatened suit, action, arbitration or legal, administrative or other proceeding, or governmental investigation against or affecting The Company or its business, assets or financial condition. The Company is not presently engaged in any legal action to recover money due to it or damages sustained by it.

3.18 Compliance with Laws. Seller has not received notice of any violation of any applicable federal, state or local statute, law or regulation of any kind or nature whatsoever, including, without limitation, any applicable building, zoning, environmental protection, health and safety, handicap access, or other law,

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ordinance or regulation, affecting its properties or the operation of its business and there are no such violations. Seller has all proper and valid licenses, permits and other governmental authorities necessary to conduct its business as now being conducted.

3.19 Agreement will not Cause a Breach or Violation. The consummation of the transactions contemplated by this Agreement will not result in or constitute any of the following: (a) a breach of any term or provision of this Agreement (b) a default or an event that, with notice, lapse of time, or both, would be a default, breach, or violation of the Articles of Incorporation or Bylaws of The Company or any lease, license, promissory note, conditional sales contract, commitment, indenture, mortgage, deed of trust, or other agreement, instrument, or arrangement to which it is bound, (c) an event that would permit any party to terminate any agreement or to accelerate the maturity of any indebtedness or other obligation of The Company; or (d) the creation or imposition of any lien, charge, or encumbrance on any of the properties of The Company.

3.20 Corporate Records. All corporate records are in the possession of Seller and are complete and accurate in all material respects. The minute book of The Company contains complete, accurate and current copies of the Articles of Incorporation, Bylaws and all amendments thereto, and all records required to be set forth of all proceedings, consents actions and meetings of the shareholders and board of directors of The Company.

3.21 Persons with Authority. Exhibit "K," to this Agreement contains a complete and accurate list of (a) all bank accounts of The Company and all other accounts at any financial institutions, including the names and addresses thereof and the account numbers, and the signatory or signatories thereon; (b) the names and addresses of all persons holding a power of attorney on behalf of The Company; all safe deposit boxes and the names of all persons authorized to have access thereto; and (d) the names and addresses of all persons and entities which have guaranteed any debts or obligation of The Company or with respect to whom The Company has guaranteed any debts or obligation.

3.22 Full Disclosure. None of the warranties made by Seller will contain any untrue statement of a material fact, or omit to state any material fact necessary to make the statements made true and accurate in all material respects.

4. Buyer hereby represents and warrants to Seller as follows:

4.1 Authority. Buyer has the right, power and authority to enter into this Agreement and to perform all obligations required to be performed by it hereunder.

4.2 Authorization. This Agreement and all other agreements and documents executed and delivered by Buyer constitute valid and legally binding obligations of Buyer enforceable in accordance with their respective terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and subject to availability of equitable remedies.

5. Resignation of Officers and Directors. Concurrently with the execution of this Agreement, Seller shall obtain and deliver to Buyer resignations from all its directors and officers, together

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with general releases by such persons of all claims that they may have, or claim to have against The Company.

6. Survival of All Warranties and Representations. All representations, warranties, covenants and agreements of the parties contained in this Agreement will survive the closing.

7. Indemnification by Brian Pruett. Brian Pruett individually, hereby agrees to indemnify, defend, protect and hold Buyer, and/or its assigns, and SONIC AUCTION.com, INC., harmless against and in respect of all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries and deficiencies, including interest, penalties and reasonable attorneys' fees, that The Company or Buyer may incur or suffer, which arise, result from or relate to any breach or failure by Brian Pruett or Seller to perform any of the representations, warranties, covenants or agreements in this Agreement. Brian Pruett further agrees to indemnify and hold Buyer and/or its assigns harmless from all liabilities not disclosed to Buyer and accepted by Buyer, and specifically, Buyer will not be responsible for any back taxes owed by Brian Pruett or Seller to any taxing authority, federal or state.

8. Attorneys' Fees and Costs. Each party shall be solely responsible for the costs and fees of its own attorneys in connection with the negotiation of this Agreement. If any suit, legal proceeding, arbitration or other action is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party shall be entitled to recover its reasonable attorneys' fees and other costs incurred in such proceeding or action, in addition to any other relief to which it may be entitled.

9. Governing Law. This Agreement will be construed in accordance with, and governed by, the laws of the State of California as applied to contracts that are executed and performed entirely in California.

10. Disputes; Arbitration over Price. Any dispute arising between the parties, their agents or employees shall be submitted to arbitration before JAMS/ENDISPUTE of Orange County, California.

11. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

12. Counterpart and Facsimile Transmission. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which when taken together shall constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. Any party may deliver its signed counterpart of this Agreement to the other party by facsimile transmission, and such delivery shall be deemed made and completed upon receipt of such facsimile transmission by the other party. Any party delivering a signed counterpart by facsimile transmission agrees to promptly send the counterpart bearing its original signature to the other party; provided that a delay or failure to do so shall not negate the effectiveness of the delivery made by the facsimile transmission.

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13. Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous written or oral negotiations or agreements between them regarding the subject matter hereof. No addition, modification or amendment of or to any term or provision of this Agreement, or to this Agreement as a whole, shall be effective unless set forth in writing and signed by all the parties hereto.

14. No Interpretation Against Draftsman. Both parties have had an equal role in the preparation of this Agreement, such that there shall be no interpretation or construction of terms against the draftsman.

15. Attorneys. Seller and Buyer each acknowledge that the other is represented by counsel and neither is relying in any respect on any statements or representations of the other party's counsel.

16. Broker's Fees. Each side shall pay its own broker's and accountant's fees, if any.

WHEREFORE, the parties agree:

SELLER:

SONIC AUCTION.com, INC.

By: /s/ Brian Pruett
Brian Pruett, President

/s/ Brian Pruett
Brian Pruett, Shareholder

BUYER:

INTERNET BUSINESS'S
INTERNATIONAL, INC.

By: /s/ Al Reda
Al Reda, CEO

EX-10.15

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT ("Agreement") is made and entered into as of October 19, 2000, by and between AUCTION-SALES.COM, INC., a Delaware Corporation and Zahid Rafiq, an individual (collectively "Seller"), and INTERNET BUSINESS'S INTERNATIONAL, INC., a Nevada Corporation ("Buyer").

RECITALS

A. WHEREAS, Seller owns or controls 96.62% of outstanding and treasury shares ("The Shares") of AUCTION-SALES.COM, INC., ("The Company").

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B. WHEREAS, Seller desires to sell and transfer to Buyer and Buyers desires to purchase and acquire from Seller, 96.62% of the Shares of THE COMPANY, upon the terms and subject to the conditions set forth in this Agreement. Seller shall have the obligation for assembling the Exhibits and Addenda, identified below.

TERMS AND CONDITIONS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Purchase and Sale. Seller hereby sells, assigns, transfers and delivers to Buyer, and Buyer hereby purchases and acquires from Seller, the Shares upon the terms and subject to the conditions set forth in this Agreement.

2. Purchase Price; Payment Terms.

(a) The purchase price for the Shares is that Buyer shall transfer 11,000,000 shares of Buyer's Rule 144 Stock to Seller for all of Seller's stock, as follows:

(i) 5,500,000 restricted shares will be issued to current shareholders, identified on the list at Addendum "1".

(ii) 2,500,000 restricted shares will be paid to certain creditors of THE COMPANY identified at Addendum "2." Seller represents that all of the creditors at Addendum "2," are unsecured. Seller shall procure signed consents from each creditor identified at Addendum "2," confirming agreement to accept restricted shares in proportion to their claims within 60 days of closing. Failure to procure signed consents will justify rescission of this Agreement at the option of Buyer, such that each party shall restore to the other the consideration which each placed into this Agreement.

(iii) 3,000,000 restricted shares of the purchase price will be paid to outside consultants for work performed for facilitating the transaction.

(b) Earn out for the "Seller"; The Sellers shall be paid up to an additional \$3,000,000 (Three Million Dollars) based upon earnings over the next 3 years through additional rule 144 stock. The earn out will be based on a 10% growth per year over the previous years revenue. The \$3,000,000 will be distributed equally over the subsequent 3 year i.e. \$1,000,000 per year, and can be cumulative. This earn out is further defined as follows:

(i) The initial base Year ends on 9-30-00. The subsequent year base will be the previous revenue

(ii) The stock will be issued per quarter upon reaching the Goal per quarter for that portion of the annualized growth of 10% over the previous year.

(c) Buyer may invest up to \$2,000,000 to THE COMPANY, at a Rate not to exceed \$500,000 per quarter, based on performance on THE COMPANY as a function of gross revenues and based on a budget, which is pre-approved by Buyer.

3. Representations and Warranties of Seller. Seller

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hereby represents and warrants to Buyer as follows:

3.1 Authority. Seller has the right; power and authority to enter into this Agreement and to perform all obligations' required to be performed by it hereunder. THE COMPANY has the full power to transfer the Shares to Buyer without obtaining the consent or approval of any other person or governmental authority.

3.2 Title to Shares. Seller is the owner, beneficially and of record, of all the Shares free and clear of all liens, encumbrances, security agreements, equities, options, claims, charges, and restrictions.

3.3 Organization. AUCTION-SALES.COM.,INC., is a corporation dully organized, validly existing, and in good standing under the laws of the State of Delaware and has all necessary corporate powers to own its properties and operate its business as now owned and operated by it. Exhibit "A" contains the Articles of Incorporation, Bylaws, Minutes and Stock Book of THE COMPANY.

3.4 Authorization. This Agreement and all other agreements and documents executed and delivered by Seller constitute valid and legally binding obligations of Seller enforceable in accordance with their respective terms, subject to laws of general application relation to bankruptcy, insolvency and the relief of debtors and subject to availability of equitable remedies.

3.5 Capitalization. The authorized capital stock of THE COMPANY consists of shares of Common Stock, of which 100% of said shares are held in THE COMPANY'S treasury or are issued to and in possession of Zahid Rafiq, or to the persons identified in Addendum "1." All of the outstanding shares are validly issued, and paid, and nonassessable, and such shares have been so issued in full compliance with all federal and state securities laws. There are no outstanding subscriptions, options, rights, warrants, convertible securities, or other agreement or commitments obligating THE COMPANY to issue or to transfer from treasury any additional shares of its capital stock of any class.

3.6 Financials. Exhibit "B," to this Agreement contains the federal tax returns for THE COMPANY for the years 1997 through 1999. To the best of Seller's knowledge, there are not outstanding taxes owed. Exhibit "C," to this Agreement sets forth the financial statements of THE COMPANY, including the balance sheets and statements of earnings as of September 30, 2000. The financial statements attached hereto as Exhibit "C," have been prepared in accordance with generally accepted accounting principles consistently followed by THE COMPANY throughout all periods indicated, and fairly present the financial position of THE COMPANY on the respective dates of the balance sheets included in the financial statements, and the results of its operations for the respective periods indicated. Since September 30, 2000, there has not been any change in the financial condition or operations of THE COMPANY or its business, assets, properties or prospects, except as set forth on Exhibit "D," which also contains all of the debts and liabilities of THE COMPANY.

3.7 Absence of Undisclosed Liabilities. THE COMPANY is not

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aware of any debt, liability or obligation of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due, that is not reflected in the financial statements, except as set forth on Exhibit "D."

3.8 Tax Returns. Within the times and in the manner prescribed by law, THE COMPANY has filed all federal, state and local tax returns required by law and has paid all taxes, assessments, including but not limited to income and payroll taxes, and penalties. The provisions for taxes reflected in the financial statements are adequate for all federal, state, county and local taxes for the period that ended September 30, 2000, and for all prior periods, whether disputed or undisputed. There are no present disputes about taxes of any nature payable or owed by THE COMPANY.

3.9 Personal Property. The books and records of THE COMPANY contain a complete and accurate description and specify the location of all equipment, furniture, supplies and all other tangible personal property owned by, in the possession of, or used by THE COMPANY in connection with its business. No Personal property is held under any lease, security agreement, conditional sales contract or other title retention or security arrangement, or is located other than in the possession and under the control of THE COMPANY. The tangible personal property reflected those books and records constitutes all such tangible personal property necessary for the conduct by THE COMPANY of its business as now conducted. All of the tangible personal property of THE COMPANY is in good operating condition and repair, reasonable wear and tear excepted.

3.11 Title. THE COMPANY has good and marketable title to all of its assets and interest in assets, whether real, personal, mixed, tangible or intangible, which constitute all of the assets and interest in assets that are used in the business of THE COMPANY. All of these assets are free and clear of restrictions or conditions to transfer or assignment and are free and clear of mortgages, liens, pledges, charges, encumbrances, equities and claims of third parties, except for (a) those disclosed on Exhibit "D;" and (b) the lien for current taxes not yet due and payable. Exhibit "E," to this Agreement is a schedule of all personal assets owned by THE COMPANY which are in its possession.

3.12 Accounts Receivable. All accounts receivable of THE COMPANY shown on the financial statements, and all accounts receivable of THE COMPANY created after September 30, 2000, arose from valid sales in the ordinary course of business. These amounts have been collected in full since that date as reflected in the books and records of THE COMPANY, or are collectible at their full amounts and are not subject to valid defenses, setoffs or counterclaims. THE COMPANY agrees that as of September 30, 2000, all receivables shall be the property of Buyer. Exhibit "F" contains accounts receivable.

3.13 Accounts Payable. Exhibit "G," to this Agreement is a complete and accurate list, with an accurate aging, of all trade and other accounts, notes and contract payables of THE COMPANY as of the date hereof, all which arose in the ordinary course of business and are usual and normal in amount.

3.14 Deleted

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3.15 Contracts. Except as otherwise disclosed in any of the exhibits to this Agreement, THE COMPANY is not a party to, nor is its properties or assets bound by, and contract, agreement, understanding (whether written or verbal) of any nature whatsoever. There is no default or event that, with notice, lapse of time, or both, would constitute a default by any party to any agreement to which THE COMPANY is a party or by which it or its properties or assets are bound.

3.16 Employees and Employee Benefit Plans. Exhibit "h" to this Agreement is a correct and complete list of all full-time and part-time employees of THE COMPANY, together with their address, social security numbers and all current and promised salary, wage and bonus information. All of the employees of THE COMPANY are at will employees and may be terminated by THE COMPANY at any time without liability and without any obligation to pay any severance or similar benefit. There are no employment contracts, collective bargaining agreement, pension, bonus, profit-sharing, stock option or other agreement or arrangement providing for employee remuneration or benefits to which THE COMPANY is party or by which it is bound. THE COMPANY has delivered to Buyer a copy of its most current employee manual and description of all company policies and practices, including no discrimination, overtime, vacation, holiday and sick leave, if any. THE COMPANY's relationship with all of its employees is good. All unused vacation, holiday and sick leave, and any other paid time off, for all of the employees has been properly and accurately recorded in the books and records of THE COMPANY and are reflected on Exhibit "I," attached hereto. All records of THE COMPANY for each of its employees are complete and accurate. There are no arrearages nor obligations outstanding or owed to any employee, including but not limited to Zahid Rafiq.

3.17 Litigation. There is no pending, or, to Seller's knowledge, threatened suit, action, arbitration or legal administrative or other proceeding, or governmental investigation against or affecting THE COMPANY or its business, assets or financial condition. THE COMPANY is not presently engaged in any legal action to recover money due to it or damages sustained by it.

3.18 Compliance with Laws. Seller has not received notice of any violation of any applicable federal, state or local statute, law or regulation of any kind or nature whatsoever, including, without limitation, any applicable building, zoning, environmental protection, health and safety, handicap access, or other law, ordinance or regulation, affecting its properties or the operation of its business and there are not such violations. Seller has all proper and valid licenses, permits and other governmental authorities necessary to conduct business as now being conducted.

3.19 Agreement will not Cause a Breach or Violation. The consummation of the transactions contemplated by this Agreement will not result in or constitute any of the following: (a) a breach of any term or provision of this Agreement (b) a default or an event that, with notice, lapse of time, or both, would be a default, breach, or violation of the Articles of Incorporation or Bylaws of THE COMPANY or any lease, license, promissory note, conditional sales contract, commitment, indenture, mortgage, deed of trust, or other agreement, instrument, or arrangement to which it is bound (c) an event that would permit any party to terminate

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any agreement or to accelerate the maturity of any indebtedness or other obligation of THE COMPANY; or (d) the creation or imposition of any lien, charge, or encumbrance on any of the properties of THE COMPANY.

3.20 Corporate Records. All corporate records are in the possession of Seller and are complete and accurate in all material respects. The minute book of THE COMPANY contains complete, accurate and current copies of the Articles of Incorporation, Bylaws and all amendments thereto, and all records required to be set forth of all proceedings, consents actions and meetings of the shareholders and board of directors of THE COMPANY.

3.21 Persons with Authority. Exhibit "J," to this Agreement contains a complete and accurate list of (a) all bank accounts of THE COMPANY and all other accounts at any financial institutions, including the names and addresses thereof and the account numbers, and the signatory or signatories thereon; (b) the names and addresses of all persons holding a power of attorney on behalf of THE COMPANY; all safe deposit boxes and the names of all persons authorized to have access thereto; and (d) the names and addresses of all persons and entities which have guaranteed any debts or obligation of THE COMPANY or with respect to whom THE COMPANY has guaranteed any debts or obligation.

3.22 Full Disclosure. None of the warranties made by Seller, whether in this Agreement or in the Exhibits or Addenda hereto, will contain any untrue statement of material fact, or omit to state any material fact necessary to make the statements made true and accurate in all material respects. The existence of any untrue statement of a material fact, shall be grounds for rescission of this Agreement.

4. Buyer hereby represents and warrants to Seller as follows:

4.1 Authority. Buyer has the right, power and authority to enter into this Agreement and to perform all obligations required to be performed by it hereunder.

4.2 Authorization. This Agreement and all other agreements and documents executed and delivered by Buyer constitute valid and legally binding obligations of Buyer enforceable in accordance with their respective terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and subject to availability of equitable remedies.

5. Resignation of Officers and Directors. Concurrently with the execution of this Agreement, Seller shall obtain and deliver to Buyer resignations from all THE COMPANY's directors and officers, together with general releases by such persons of all claims that they may have, or claim to have against THE COMPANY.

6. Survival of All Warranties and Representations. All representations, warranties, covenants and agreements of the parties contained in this Agreement will survive the closing.

7.1 Indemnification by Zahid Rafiq. Zahid Rafiq individually, hereby agrees to indemnify, defend, protect and hold Buyer, and/or its assigns, and AUCTION-SALES.COM, INC., harmless against and in respect of all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries

and deficiencies, including interest, penalties and reasonable attorneys' fees, that THE COMPANY or Buyer may incur or suffer, which arise, result from or relate to any fraudulent, intentional or grossly negligent breach or failure by Zahid Rafiq or Seller to perform any of the representations, warranties, covenants or agreements in this Agreement. Zahid Rafiq further agrees to indemnify and hold Buyer and/or its assigns harmless from all liabilities not disclosed to Buyer and accepted by Buyer, and specifically, Buyer will not be responsible for any back taxes owed by Zahid Rafiq or Seller to any taxing authority, federal or state.

7.2 Indemnification by Buyer. Buyer hereby agrees to indemnify, defend, protect and hold Zahid Rafiq harmless against and in respect of all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries and deficiencies, including interest, penalties and reasonable attorneys' fees, that he may incur or suffer, which arise after the date of closing of this Agreement, that are not related to any fraudulent or intentional breach or failure by Zahid Rafiq or Seller to perform any of the representations, warranties, covenants or agreements in this Agreement.

8. Attorneys' Fees and Costs. Each party shall be solely responsible for the costs and fees of its own attorneys in connection with the negotiation of this Agreement. If any suit, legal proceeding, arbitration or other action is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party shall be entitled to recover its reasonable attorneys' fees and other cost incurred in such proceeding or action, in addition to any other relief to which it may be entitled.

9. Governing Law. This Agreement will be construed in accordance with, and governed by, the laws of the State of California as applied to contracts that are executed and performed entirely in California.

10. Disputes; Arbitration over Price. Any dispute arising between the parties, their agents or employees shall be submitted to arbitration before JAMS/ENDISPUTE of Orange County, California.

11. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

12. Counterparts and Facsimile Transmission. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which when taken together shall constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. Any party may deliver its signed counterpart of this Agreement to the other party by facsimile transmission, and such delivery shall be deemed made and completed upon receipt of such facsimile transmission by the other party. Any party delivering a signed counterpart by facsimile transmission agrees to promptly send the counterpart bearing its original signature to the other party; provided that a delay or failure to do so shall not negate the effectiveness of the delivery made by the facsimile transmission.

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13. Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous written or oral negotiations or agreements between them regarding the subject matter hereof. No additions, modification or amendment of or to any term or provision of this Agreement, or to this Agreement as a whole, shall be effective unless set forth in writing and signed by all the parties hereto.

14. No Interpretation Against Draftsman. Both parties have had an equal role in the preparation of this Agreement, such that there shall be no interpretation or construction of terms against the draftsman.

15. Attorneys. Seller and Buyer each acknowledge that the other is represented by counsel and neither is relying in any respect on any statements or representations of the other party's counsel.

16. Broker's Fees. Each side shall pay its own broker's and accountant's fees, if any.

WHEREFORE, the parties agree:

SELLER:

AUCTION-SALES.COM, INC.

By: /s/ Zahid Rafiq
Zahid Rafiq, CEO

/s/ Zahid Rafiq
Zahid Rafiq, Shareholder

BUYER:

INTERNET BUSINESS'S
INTERNATIONAL, INC.

By: /s/ Al Reda
Al Reda, CEO

EX-21

SUBSIDIARIES OF THE REGISTRANT

LA Internet, Inc., a California corporation

MBM Capital Group, Inc., a Nevada corporation

Allstates Communication, Inc., a Nevada corporation

Global GPP Corp. (80%), a North Carolina corporation (100% owned subsidiary: GPP Hungary Kft, a Hungary corporation)

Atlas Capital Corporation, a California corporation

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International Business Co., a California corporation