WWA GROUP INC
Form 10-Q
November 16, 2009

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

FORM 10-Q

(Mark One)

þ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **September 30, 2009**.

o 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: **000-26927**

WWA GROUP, INC.

(Exact name of registrant as specified in its charter)

Nevada	**77-0443643**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2465 W. 12th St. Tempe, Suite 2, Tempe, Arizona 85281-6935

(Address of principal executive offices) (Zip Code)

(480) 505-0070

(Registrant's telephone number, including area code)

n/a

(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 þ No o.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company as defined by Rule 12b-2 of the Exchange Act:

Large accelerated filer o Accelerated filer o Non-accelerated filer o Smaller reporting company þ

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes o No þ

At November 13, 2009, the number of shares outstanding of the registrant's common stock, $0.001 par value (the only class of voting stock), was 22,591,922.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

As used herein, the terms "WWA Group", "we," "our," "us," "it," and "its" refer to WWA Group, Inc., a Nevada corporation, unless otherwise indicated. In the opinion of management, the accompanying unaudited financial statements included in this Form 10-Q reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

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WWA GROUP, INC.
Consolidated Balance Sheets

Assets	**Unaudited September 30, 2009**	**Audited December 31, 2008**
Current assets:		
Cash	$ 5,684,694	$ 7,476,689
Receivables, net	2,697,856	13,823,321
Advances to suppliers	667,377	-
Inventories	3,969,956	7,288,303
Prepaid expenses	657,228	444,580
Notes receivable	3,709,146	2,899,961
Other current assets	324,658	282,095
Total current assets	17,538,539	32,214,949
Property and equipment, net	4,848,845	5,562,050
Vessel Aqua Conti – CWIP	1,365,079	0
Investment in unconsolidated entity	1,477,454	1,483,119
Investment in related party entity	62,500	62,500
Other assets	600,855	903,903
Total assets	$ 25,893,270	$ 40,226,521
Liabilities and Stockholders' Equity		
Current liabilities:		
Auction proceeds payable	3,698,005	21,014,096
Accounts payable	1,593,583	1,790,527
Accrued expenses	758,031	344,999
Line of credit	10,481,823	7,084,052
Short Term Debt – Notes Payable	2,868,870	0
Current maturities of long-term debt	458,452	860,230
Total current liabilities	19,686,388	31,093,904
Long-term debt	78,377	342,909
Total liabilities	19,764,765	31,436,813
Stockholders' equity:		
Common stock, $0.001 par value, 50,000,000 shares authorized; 22,591,922 shares issued and outstanding	22,592	22,592
Additional paid-in capital	4,449,080	4,449,080
Retained earnings	1,656,833	4,318,036
Total stockholders' equity:	6,128,505	8,789,708
Total liabilities and stockholders' equity	$ 25,893,270	$ 40,226,521

See accompanying condensed notes to consolidated reviewed financial statements.

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WWA GROUP, INC.
Consolidated Statements of Income

	Three months ended Sept 30	Unaudited	Nine months ended Sept 30	
	Unaudited 2009	2008	Unaudited 2009	Unaudited 2008
Revenues from commissions and services	$ 264,056	$ 374,645	$ 4,537,260	$ 4,623,093
Revenues from sales of equipment	7,715,741	3,087,202	18,017,352	13,811,745
Revenues from Ship Charter	165,000	503,250	465,000	1,327,823
Total revenues	8,144,798	3,965,097	23,019,611	19,762,661
Direct costs - commissions and services	565,057	536,180	1,787,645	2,122,525
Direct costs - sales of equipment	8,586,040	3,011,590	18,867,298	13,074,237
Gross profit	(1,006,300)	417,327	2,364,669	4,565,899
Operating expenses:				
General, selling and administrative expenses	916,384	670,687	2,427,856	1,992,369
Salaries and wages	375,910	494,816	1,162,634	1,433,394
Selling expenses	141,994	25,069	212,546	83,013
Depreciation and amortization expense	177,893	199,169	595,579	566,903
Total operating expenses	1,612,181	1,389,741	4,398,614	4,075,680
Income from operations	(2,618,481)	(972,413)	(2,033,945)	490,219
Other income (expense):				
Interest expense	(329,321)	(169,977)	(724,944)	(617,078)
Interest income	37,957	30,910	113,564	86,420
Other income (expense)	(36,378)	4,594	(15,876)	(6,554)
Total other income (expense)	(327,741)	(134,473)	(627,257)	(537,211)
(Loss) Income before income taxes	(2,946,223)	(1,106,886)	(2,661,202)	(46,992)
Provision for income taxes	$ -	$ -	$ -	$ -
Net (loss) income	$(2,946,223)	$ (1,106,886)	$ (2,661,202)	$ (46,992)
Basic earnings per common share	$ (0.13)	$ (0.06)	$ (0.12)	$ (0.00)
Diluted earnings per common share	$ (0)	$ 0	$ (0)	$ 0
Weighted average shares - basic	22,591,922	18,605,835	22,591,922	18,490,316
Weighted average shares - diluted	23,268,895	0	23,268,895	0

See accompanying condensed notes to consolidated reviewed financial statements.

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WWA GROUP, INC.
Consolidated Statements of Cash Flow
For nine months ended Sept. 30

	2009 Unaudited	**2008 Unaudited**
Cash flows from operating activities:		
Net income (loss)	$ (2,661,202)	$ (46,992)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	898,627	566,903
(Gain) Loss on disposition of assets	55,404	(15,695)
Loss (Gain) on equity investment	5,665	87,768
Changes in operating assets and liabilities:		
Decrease (Increase) in:		
Accounts receivable	11,125,465	(979,644)
Advances to suppliers	(667,376)	-
Inventories	3,318,347	(5,648,494)
Prepaid expenses	(212,648)	(139,526)
Other current assets	(537,563)	49,794
Other assets	(42,563)	-
Increase (Decrease) in:		
Auction proceeds payable	(17,316,091)	2,342,195
Accounts payable	(196,944)	1,468,811
Accrued liabilities	413,032	103,018
Net cash provided by (used in) operating activities	(5,280,284)	(2,211,862)
Cash flows from investing activities:		
Purchase of property and equipment	(1,506,657)	(909,981)
(Increase) Decrease in note receivable	(809,185)	(46,311)
Proceeds from sale of fixed assets	203,800	127,809
Payments received on notes receivable	-	-
Net cash provided by (used in) investing activities	(2,112,042)	(828,482)
Cash flows from financing activities:		
Increase (Decrease) in line of credit	3,397,771	2,413,566
Proceeds from short-term notes payable	2,868,870	-
Payments/Proceeds- long-term debt	(666,310)	(555,092)
Proceeds from issuance of common stock	-	624,000
Net cash provided by (used in) financing activities	5,600,331	2,482,474
Net increase (decrease) in cash and cash equivalents	(1,791,995)	(557,870)
Cash and cash equivalents at beginning of year	7,476,689	5,283,399
Cash and cash equivalents at end of period	$ 5,684,694	$ 4,725,529

See accompanying condensed notes to consolidated reviewed financial statements.

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WWA GROUP, INC
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009

Note A – Organization and Basis of Presentation

WWA Group, Inc., (the "Company") operates in Jebel Ali, Dubai, United Arab Emirates (U.A.E) under a trade license from the Jebel Ali Free Zone Authority. The Company's operations primarily consist of the auctioning of used and new heavy construction equipment, transportation equipment and marine equipment, the majority of which is on a consignment basis.

The Company includes the accounts of WWA Group, Inc. (formerly Novamed, Inc.), and its wholly owned subsidiaries, World Wide Auctioneers, Ltd. ("World Wide Auctioneers"), a company incorporated in the British Virgin Islands on March 20, 2000, which operates in Dubai, U.A.E.; Crown Diamond Holdings Ltd, a company incorporated in the British Virgin Islands on January 6, 2004; and Novamed Medical Products Manufacturing, Inc. a Minnesota corporation.

On August 8, 2003, Novamed, Inc., a publicly held company, and World Wide Auctioneers executed a stock exchange agreement, whereby Novamed, Inc. agreed to acquire 100% of the issued and outstanding shares of World Wide Auctioneers, a wholly owned subsidiary of World Wide Auctioneers USA, a company incorporated in the state of Arizona, USA, in exchange for 13,887,447 shares of Novamed, Inc.'s common stock. Because the owners of World Wide Auctioneers became the principal shareholders of the Company through the merger, World Wide Auctioneers is considered the acquirer for accounting purposes and this merger is accounted for as a reverse acquisition or recapitalization of World Wide Auctioneers. Subsequent to the merger, Novamed, Inc. changed its name to WWA Group, Inc.

The consolidated financial statements present the financial position, results of operation, changes in stockholder's equity and cash flows of WWA Group and its subsidiaries. All significant inter-company balances and transactions have been eliminated.

Note B – Summary of Significant Accounting Policies

This summary of significant accounting policies of WWA Group and its subsidiaries is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The consolidated financial statements present the financial position, results of operation, changes in stockholder's equity and cash flows of WWA Group and its subsidiaries. All significant inter-company balances and transactions have been eliminated.

Cash and Cash Equivalents

The company considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

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WWA GROUP, INC
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009

Note B – Summary of Significant Accounting Policies - (continued)

Accounts Receivable and Allowance for Doubtful Accounts
The Company grants credit terms in the normal course of business to its customers. Accounts receivables are stated at the amount management expects to collect from outstanding balances after discounts and bad debts, taking into account credit worthiness of customers and history of collection.

The allowance for doubtful accounts is based on specifically identified amounts that management believes to be uncollectible. If actual collections experience changes, revisions to the allowance may be required. No allowance for doubtful accounts is provided as company is collecting amount without default.

Inventory

Inventories consist of equipment to be sold in auctions and otherwise, stated at the lower of cost or market. The cost is determined by specific identification method. Cost includes purchase price, freight, insurance, duties and other incidental expenses incurred in bringing inventories to their present location and condition. The Company records a reserve if the fair value of inventory is determined to be less than the cost.

Property and Equipment

Property and equipment are stated at cost less depreciation and provision for impairment where appropriate. Depreciation expense is computed using the straight-line method over estimated useful lives of three to five years except for the vessel in which case the estimated useful life is twenty years. All repair and maintenance costs are expensed as incurred.

Dry Docking Costs
The Company's vessel must be periodically dry-docked and pass certain inspections to maintain their operating classification, as mandated by certain maritime regulations. Costs incurred to dry-dock the vessel are deferred and amortized on a straight line basis over the period to the next dry-docking, generally 36 months. As of September 30, 2009, other assets include the unamortized dry-docking costs of approximately $600,855.

Investment in Unconsolidated Entities

The Company accounts for its approximate 32% equity investment in an unconsolidated subsidiary under the equity method of accounting whereby the Company records its proportionate share of the net income or loss of the equity interest. For the quarter ended September 30, 2009 the loss on equity investment amounted to $2,365.

Investment in Related Party Entity

Investment in related party represents the Company's equity investment in an entity in which one of the Company's directors serves as a director. The Company accounts for its equity investment in a foreign affiliate under the cost method of accounting. The Company reviews its investments annually for impairment and records permanent impairments as a loss on the income statement.

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WWA GROUP, INC
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009

Note B – Summary of Significant Accounting Policies (Contd.)

Revenue Recognition

Revenues from commissions and services consist of revenues earned in the Company's capacity as agent for consignors of equipment, incidental interest income, internet and proxy purchase fees, and handling fees on the sale of certain lots. All commission revenue is recognized when the auction sale is complete and the Company has determined that the auction proceeds are collectible. Revenues from sales of equipment originate from the auctioned sale of equipment inventory owned by the Company. The Company recognizes the revenue from such sales when the auction has been completed, the equipment has been delivered to the purchaser, and collectability is reasonably assured. All costs of goods sold are accounted for under direct costs.

Revenues from ship charter are recognized at a fixed daily amount in accordance with the terms of the chartering agreement, similar to a lease, for the use of the cargo vessel by the chartering group.

Revenues from sales of equipment originate from the auctioned and private sale of equipment inventory owned by the Company. The Company recognizes the revenue from such sales when the sale has been invoiced, and collectability is reasonably assured. All costs of goods sold are accounted for under direct costs

Income Taxes

WWA operates in the Jebel Ali Free Zone of Dubai, which is an income tax free zone. Therefore, the profits of WWA are not taxable in Dubai. During the fourth quarter of 2004, the Company determined that undistributed earnings from Dubai will be reinvested in the business indefinitely and that such earnings will not be distributed to the Company. Therefore, in accordance with APB Opinion No. 23,

Accounting for Income Taxes - Special Areas, no income tax provision has been recorded for the undistributed earnings.

Share-Based Compensation

Effective January 1, 2006, the Company adopted Accounting Standards Codification Topic ("ASC") 718, formerly SFAS No. 123 (revised 2004) (SFAS No. 123R), Share-Based Payment, which addresses the accounting for stock-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. The Company issued no compensatory options to its employees during the quarter ended September 30, 2009.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

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WWA GROUP, INC

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009

Note B – Summary of Significant Accounting Policies (Contd.)

Risks Related to Business and Stock

Due to the proximity of Iran, Sudan and Syria to Company's auction site, sales records and statistics on regional spending on used construction equipment, there is reason to believe that some percentage of the equipment sold at the auctions may have ultimately ended up in Iran, Sudan or Syria. OFAC has noticed the Company of its intention to impose a fine on the Company based on its position that transactions were conducted with individuals registered as living in Iran and Sudan.

Recent accounting pronouncements

In September 2009, the Financial Accounting Standards Board (FASB) issued ASU 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* This update provides amendments to Subtopic 820-10, Fair Value Measurements and Disclosures – Overall, for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent). The amendments in this update are effective for interim and annual periods ending after December 15, 2009. Early application is permitted in financial statements for earlier interim and annual periods that have not been issued. The adoption of this update will have no material effect on the Company's financial condition or results of operations.

In August 2009, the FASB issued ASU 2009-05, *Fair Value Measurements and Disclosures (Topic 820): Measuring Liabilities at Fair Value*. This update provides amendments to Subtopic 820-10, Fair Value Measurements and Disclosures – Overall, for the fair value measurement of liabilities. The guidance provided in this update is effective for the first reporting period beginning after issuance. The adoption of this statement has had no material effect on the Company's financial condition or results of operations.

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162*, which is codified in FASB ASC 105, *Generally Accepted Accounting Principles* ("ASC 105"). ASC 105 establishes the Codification as the source of authoritative GAAP in the United States (the "GAAP hierarchy") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. Once the Codification is in effect, all of its content will carry the same level of authority and the GAAP hierarchy will be modified to include only two levels of GAAP, authoritative and non-authoritative. ASC 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of ASC 105 has had no material effect on the Company's financial condition or results of operation.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* ("SFAS No. 167"), which amends the consolidation guidance applicable to variable interest entities. The amendments significantly affect the overall consolidation analysis under FASB ASC 810, *Consolidation* and require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. SFAS No. 167 has not yet been codified and in accordance with ASC 105, remains authoritative guidance until such time that it is integrated in the FASB ASC. SFAS No. 167 is effective as of the beginning of the first fiscal year that begins after November 15, 2009, early adoption is prohibited. The adoption of this update will have no material affect on the Company’s financial condition or results of operations.

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WWA GROUP, INC
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009

Note B – Summary of Significant Accounting Policies (Contd.)

Recent accounting pronouncements

In June, 2009, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140*" ("SFAS 166"). This statement removes the concept of a qualifying special-purpose entity Statement 140 and removes the exception from applying Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities,* to qualifying special-purpose entities. SFAS No. 166 has not yet been codified and in accordance with ASC 105, remains authoritative guidance until such time that it is integrated in the FASB ASC. SFAS No. 166 is effective for financial asset transfers occurring after the beginning of an entity's first fiscal year that begins after November 15, 2009 and early adoption is prohibited. The adoption of this statement will have no material affect on the financial statements. The adoption of this statement will have no material effect on the Company's financial condition or results of operations.

In May, 2009, FASB issued ASC 855 *Subsequent Events* which establishes principles and requirements for subsequent events. In accordance with the provisions of ASC 855, the Company currently evaluates subsequent events through the date the financial statements are available to be issued.

Note C – Related Party Transactions

Notes Receivable

Notes receivable include $2,327,557 of advances provided to Intelspec International Inc, a Dubai affiliate which operates a rock crushing and stone quarry in UAE. The notes bear no interest and are payable on demand.

As of September 30, 2009, advances to its auction associates in Australia, Lebanon and Philippines and for its shipping operations amounts to $1,381,589. The notes bear no interest and are payable on demand.

Note D – Line of Credit

The Company borrows from banks under credit facility by drawing short term cash advances with maturity not exceeding 120 days against shipping documents of good consigned. This borrowing facility is secured by the bank deposits, the vessel owned by the Company and by the personal guarantee of its president and CEO. The borrowings bear interest at between 6.5% and 11.5% per annum. The Company owed $10,481,823 on these secured purchasing and working capital funding lines at September 30, 2009.

Note E – Subsequent Events

The Company evaluated subsequent events from the balance sheet date through November 14, 2009 and determined there were no events to disclose.

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

This *Management's Discussion and Analysis of Financial Condition and Results of Operations* and other parts of this quarterly report contain forward-looking statements that involve risks and uncertainties. Forward-looking statements can be identified by words such as "anticipates," "expects," "believes," "plans," "predicts," and similar terms. Forward-looking statements are not guarantees of future performance and our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include but are not limited to those discussed in the subsection entitled *Forward-Looking Statements and Factors That May Affect Future Results and Financial Condition* below. The following discussion should be read in conjunction with our financial statements and notes hereto included in this report. All information presented herein is based on our period ended September 30, 2009. Our fiscal year end is December 31.

Discussion and Analysis

WWA Group's business strategy is to (i) increase cash flow from operations to generate net income in order to reduce payables and grow the business, (ii) expand operations to new auction sites, and (iii) acquire or develop other related businesses in the region and internationally.

The international downturn in business activities has caused a number of factors to affect operations with consequences that we anticipate will affect the way we structure and operate our business over the near to long term. Factors of consequence include:

- A dramatic slowdown in overall construction activity in the Gulf Region, resulting in a major decrease in sale prices for used equipment.

- An increase in our general operating expenses in the United Arab Emirates ("U.A.E").

- A cash commitment to build a new auction facility that is requisite to maintaining our auction license and land lease in the Jebel Ali Free Zone.

- Regulatory issues in connection with the United States Office of Foreign Asset Control ("OFAC") regarding the operations of our U.A.E. branch (World Wide Auctioneers, Ltd.), and a possible conflict between the laws of the United States ("U.S. ") and the laws of the U.A.E. regarding these operations.

- The debt to assets ratio of our U.A.E. branch that has put us in a weak working capital situation.

- Equipment assets owned by our U.A.E. branch that may be considered impaired if market prices continue to deteriorate.

- Increased penetration of the on-line auction business model for equipment sales in the global used equipment market.

On careful consideration of these factors WWA Group has resolved to dispose of the U.A.E. branch of the auction business provided that the transaction has a positive net effect on our operations, reduces our overall debt, resolves future regulatory conflicts, and leaves WWA Group commercially viable to expand its core auction business into other markets. Should WWA Group successfully meet these criteria in the process of disposing of the U.A.E. branch, it will result in a substantial decrease in revenue, debt and expenses in the near term. Over the longer term, WWA Group believes relief from the costs associated with the U.A.E. branch will enable it to continue to produce net income as it focuses on new joint venture relationships, auction management contracts, new auction sites, expanding its on-line auction business, developing its unconsolidated entity Intelspec International, Inc. ("Intelspec") and continuing its shipping charter operations.

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WWA Group has already moved toward these objectives by securing new auction sites in Tempe, Arizona and El Paso, Texas for several planned auctions at these locations. We concluded our first auction in El Paso on September 29, 2009 and have another scheduled for November 24, 2009. We believe that expansion into the North American auction market is timely due to current economic conditions which suggest that sellers and buyers in the U.S. need new outlets with improved auction techniques to acquire or dispose of used equipment.

We also intend to continue to expand international operations. During August we managed auctions in the Philippines and Lebanon through joint ventures with local companies. We expect to continue holding auctions at these locations in the future, including auctions in the Philippines on November 7, 2009 and in Lebanon on November 12, 2009. In July we managed our second auction in Doha for Trident International, a U.S. military contractor, for the purpose of disposing of surplus U.S. military equipment. We plan to develop our relationship with Trident and other military contractors in order to manage more of this type of disposal auction.

A major segment of our expansion plans will rely on the anticipated success of Intelspec and the return of our considerable investment. Intelspec is focused on the management of specialized projects and subcontracts in the $1 million to $10 million range throughout the Middle East, Africa and Asia. Current projects include management of a limestone removal project in Ras Al Khaimah, U.A.E., and the construction of two training facilities in Thailand and Cambodia for the U.S. Navy.

Our growth model will continue to employ low cost auction methods, such as on-line auctions, video auctions, and transportation equipment only auctions, all of which can be held on a more frequent basis than the larger equipment auctions. While smaller in size, these auctions will not interfere with or detract from our major equipment auctions. The addition of auction yards in the U.S., Lebanon, and the Philippines provides physical support for equipment that can be sold on-line. We believe that buyer acceptance of on-line equipment auctions has reached a point where significant net returns are possible.

WWA Group's business development strategy is prone to significant risks and uncertainties, some of which can have an immediate impact on our efforts to generate positive net cash flow and deter future prospects for the expansion of our business. Our financial condition and results of operations depend primarily on the volume of industrial equipment auctioned, the prices we obtain at auction for such equipment, and the commission rates we can attract from the consignor. Industrial equipment prices are historically volatile and are currently depressed while commission rates remain competitive. Price volatility combined with pressure on commission rates can immediately affect our available cash flow which can in turn impact the availability of cash flow for our expansion plans. Our long term success will depend on our ability to increase the size of our auctions and to optimize commissions and prices realized at auction. Should we be unable to increase gross auction sales and obtain competitive pricing at auction then we can expect a reduction in revenue which will affect our results of operations.

Results of Operations

During the period from January 1, 2009 through September 30, 2009, WWA Group (i) conducted four un-reserved auctions for industrial equipment from its auction site located in the Jebel Ali Free Trade Zone, Dubai, United Arab Emirates and one in El Paso, (ii) chartered its ship, (iii) bought and sold equipment for its own account, (iv) managed auctions in Philippines and Lebanon and (v) negotiated a deal to sell desalinized water to the port of Ras Al Khaimah, U.A.E.

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For the nine month period ended September 30, 2009, WWA Group realized net loss of $2,661,202 due to decrease in gross profit margin on trading activity over the comparative nine month periods and an increase in administrative costs. We believe that the immediate keys to our ability to operate profitably is an increase in the size and number of our auctions, the realization of consistent charter rates for our shipping vessel, the success of our new auction sites and a return on our investment in Intelspec. We believe that if WWA Group is able to realize these objectives that it will increase net income in future periods.

Quarters Ended September 30, 2009 and 2008

Revenue

Revenue for the three months ended September 30, 2009 was $8,144,798 as compared to revenue of $3,965,097 for the three months ended September 30, 2008, an increase of 105%. Revenue for the nine months ended September 30, 2009 increased to $23,019,611 from $19,762,661 for the nine months ended September 30, 2008, a increase of 16%.The increase in revenues over the comparative three and nine months can be primarily attributed to a increase in the sale of owned equipment from $13,811,745 during the nine months ended September 30, 2008 to $18,017,352 during the nine months ended September 30, 2009, a increase of 30% offset by a decrease in revenue from our