

WWA GROUP INC  
Form 10QSB  
May 11, 2006

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-QSB**

*(Mark One)*

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **March 31, 2006**.

Transition report under 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 small business issuer as specified in its charter)

**NEVADA**

**77-0443643**

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification Number)

**2465 West 12th Street, Suite 2 Temple, Arizona 85281**

(Address of Principal Executive Office) (Zip Code)

**(480) 505-0070**

(Issuer's telephone number)

Check 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  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes \_\_\_\_\_ No  X

The number of outstanding shares of the registrant's common stock, \$0.001 par value (the only class of voting stock), as of May 10, 2006 was 15,970,803.

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## PART I

## ITEM 1. FINANCIAL STATEMENTS

As used herein the terms WWA Group, we, our, and us 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-QSB 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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	March 31, 2006	Consolidated
Assets	Unaudited	
Current assets:		
Cash	\$ 4,694,594	\$
Marketable securities	73,000	
Receivables, net	690,114	
Inventories	808,479	
Prepaid expenses	236,810	
Deposit on software	232,105	
Notes receivable	4,647,138	
Other current assets	183,638	
Total current assets	11,565,878	
Property and equipment, net	1,173,755	
Investment in unconsolidated entity	250,000	
	\$ 12,989,632	\$
Liabilities and Stockholders' Equity		
Current liabilities:		
Auction proceeds payable	\$ 5,554,640	\$
Accounts payable	619,605	
Accrued expenses	191,895	
Line of credit	3,734,148	
Current maturities of long-term debt	171,255	
Total current liabilities	10,271,543	
Long-term debt	151,506	
Total liabilities	10,423,049	
Commitments and contingencies	0	
Stockholders' equity:		
Common stock, \$0.001 par value, 50,000,000 shares authorized; 15,970,803 shares		

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issued and outstanding	15,971	
Additional paid-in capital	1,013,523	
Retained earnings	1,537,089	
Total stockholders' equity	2,566,583	
	\$ 12,989,632	\$

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See accompanying condensed notes to consolidated reviewed financial statements.

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	Consolidated
	Three m 2006
	----- Unaudited
Revenues from commissions and services	\$ 1,154,861
Revenues from sales of equipment	3,109,100
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Total revenues	4,263,961
Direct costs - commissions and services	472,708
Direct costs - sales of equipment	3,057,666
	-----
Gross profit	733,587
Operating expenses:	
General, selling and administrative expenses	410,135
Salaries and wages	283,359
Selling expenses	34,296
Depreciation and amortization expense	122,573
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Total operating expenses	850,362
	-----
(Loss) income from operations	(116,775)
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Other income (expense):	
Interest expense	(54,075)
Interest income	174,642
Other income (expense)	26,420
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Total other income (expense)	146,986
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(Loss) income before income taxes		30,211
Provision for income taxes		0
		-----
Net (loss) income	\$	30,211
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Basic and diluted earnings per common share	\$	nil
		-----
Weighted average shares - basic and diluted		15,970,803
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See accompanying condensed notes to consolidated reviewed financial statements.

		Consolidated S
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		-----
		Three
		2006
		Unaudited
Cash flows from operating activities:		
Net income ( loss)	\$	30,211
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization		122,573
Loss on disposition of assets		65,334
(Gain) Loss on securities		
Changes in operating Assets and Liabilities:		
Decrease (increase) in:		
Accounts receivable		3,095,726
Inventories		(224,093)
Prepaid expenses		(169,306)
Other current assets		(39,868)
Other assets		
Increase (decrease) in:		
Auction proceeds payable		(4,353,181)
Accounts payable		(668,964)
Accrued liabilities		38,314
Net cash used by operating activities		(2,103,253)
Cash flows from investing activities:		
Purchase of property and equipment		(73,195)
Increase in note receivable		(1,096,236)
Payments received on notes receivable		
Net cash provided by (used in) investing activities		(1,169,431)

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Cash flows from financing activities:	
Increase in line of credit	(534,503)
Proceeds from short-term notes payable	
Payments on short-term notes	
Payments of long-term debt	(38,177)
Proceeds from issuance of common stock	
Net cash provided by (used in) financing activities	(572,680)
Net increase (decrease) in cash and cash equivalents	(3,845,365)
Cash and cash equivalents at beginning of year	8,539,958
Cash and cash equivalents at end of year	\$ 4,694,594

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See accompanying condensed notes to consolidated reviewed financial statements.

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### WWA GROUP, INC.

#### CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2006

##### Note 1 Organization and Basis of Presentation

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

WWA Group includes the accounts of its wholly owned subsidiaries: World Wide Auctioneers, Ltd. ( WWA Dubai ), a company incorporated in the territory of the British Virgin Islands on March 20, 2000, which operates in Dubai, U.A.E., and Novamed Medical Products Manufacturing, Inc., a Minnesota corporation.

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

The accompanying unaudited financial statements have been prepared by management in accordance with the instructions in Form 10-QSB and, therefore, do not include all information and footnotes required by generally

accepted accounting principles and should, therefore, be read in conjunction with WWA Group's Form 10-KSB for the year ended December 31, 2005. These statements do include all normal recurring adjustments which WWA Group believes necessary for a fair presentation of the statements. The interim operations are not necessarily indicative of the results to be expected for the full year ended December 31, 2006.

**Note 2 Summary of Significant Accounting Policies**

*Net Earnings Per Common Share* The computation of basic earnings per common share is based on the weighted average number of shares outstanding during each year. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year, plus the common stock equivalents that would arise from the exercise of stock options and warrants outstanding, using the treasury stock method and the average market price per share during the year. There are no common stock equivalents at March 31, 2006.

*Revenue Recognition* Revenues from commissions and services consist of revenues earned in WWA Group'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 WWA Group has determined that the auction proceeds are collectible.

Revenues from sales of equipment originate from the auctioned sale of equipment inventory owned by WWA Group. WWA Group recognizes the revenue from such sales when the auction has been completed, the equipment has been delivered to the purchaser, and collectibility is reasonably assured. All costs of goods sold are accounted for under direct costs.

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**WWA GROUP, INC.**

**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2006**

**Note 2 Summary of Significant Accounting Policies (continued)**

*Stock Based Compensation* WWA Group has traditionally accounted for stock-based compensation under the recognition and measurement principles of APB Opinion No. 25, *Accounting for Stock Issued to Employees, and related Interpretations*. Accordingly, no compensation cost was recognized in the 2005 financial statements, when options granted under those plans have an exercise price equal to or greater than the market value of the underlying common stock on the date of grant. WWA Group issued no compensatory options to its employees during the quarter ended March 31, 2006.

In December 2005, WWA Group adopted the provisions of Statement of Financial Accounting Standards No. 123R, although this statement had no effect on WWA Group's 2005 financial statements.

In December 2005 WWA Group created a stock option plan whereby it is authorized to issue up to 500,000 shares of its common stock to its employees and contractors during the 12 months ended December 11, 2006. No shares have

been granted or issued under the Plan.

No options have been issued through the quarter March 31, 2006.

### **Note 3 Notes Receivable**

Notes receivable amounting to \$4,647,138 as at March 31, 2006 remains due to WWA Group from three of its trading partners. The majority of the amount receivable is in the form of a secured loan from a shipping company which bears interest of 1.8% per month and is due to be repaid on or before June 30, 2006. The note is secured by the assets of the borrower, consisting mainly of a freight ship. Other amounts in this category are a receivable by WWA Group from one of its regular consignors from its Australia auction partner and a Dubai based crushing company.

### **Note 4 Income Taxes**

WWA Group operates in the Jebel Ali Free Zone of Dubai, which is an income tax free zone. Therefore, the profits of WWA Group are not taxable in Dubai. During the fourth quarter of 2004, WWA Group determined that undistributed earnings from Dubai will be reinvested in the business indefinitely and that such earnings will not be distributed to the U.S. parent. 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.

### **Note 5 Estimates**

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

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## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS**

This Management's Plan of Operation and Results of Operations and other parts of this report contain forward-looking statements that involve risks and uncertainties. Forward-looking statements can also 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 subsections 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 thereto included in this report. All information presented herein is based on our period ended March 31, 2006. WWA Group's fiscal year end is December 31.

### **General**

WWA Group's business strategy is to continue to increase the number and size of auctions held during the year and the cash flow generated from such auctions and to expand operations to new auction sites. WWA Group intends to focus on formalizing new joint venture relationships, management arrangements, new wholly owned facilities, and



expanded auctions as a means by which to increase net cash flow.

Implementation of WWA Group's growth model will include expanding our lower cost auction methods, such as on-line auctions and video auctions, and diversifying into transportation equipment only auctions, which can be held on a more frequent basis than the larger equipment auctions. Smaller auctions will not interfere with or detract from WWA Group's major equipment auctions operating with economies of scale. WWA Group held one successful major auction selling construction equipment during the first quarter of 2006. Subsequent to March 31, 2006, WWA Group has held one major equipment auction.

WWA Group is now offering higher margin buyer and seller services, such as transport and logistics. WWA Group's control over a large volume of equipment being moved around the world by our regular consignors provides vertical integration opportunities that could combine auction services with the ability to meet transportation needs. WWA Group has formed a strategic alliance with a shipping vessel and two road transport trucks and trailers, all of which are used to move equipment for our regular consignors.

Nonetheless, WWA Group's business development strategy is prone to significant risks and uncertainties certain of which can have an immediate impact on our efforts to increase positive net cash flow and deter future prospects for the expansion of our business.

WWA Group's financial condition and results of operation depend primarily upon 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 historically have been volatile and are likely to continue to be volatile in the future, and the commission rates in WWA Group's primary market are becoming more competitive. This price volatility and commission rate pressure can immediately affect WWA Group's available cash flow that can in turn impact the availability of net cash flow for future capital expenditures. WWA Group's future success will depend on our ability to increase the size of our auctions and to optimize commissions and prices realized at auction.

Should WWA Group be unable to increase gross auction sales and obtain competitive pricing at auction, we can expect a reduction in revenue that may in turn affect the profitability of our business.

## **Results of Operations**

During the period from January 1, 2006 through March 31, 2006, WWA Group was engaged in conducting un-reserved auctions for industrial equipment from our auction site located in the Jebel Ali Free Trade Zone, Dubai, U.A.E. WWA Group expects that over the next twelve months we will continue to hold industrial equipment auctions at established sites and anticipates the opening of new jointly managed auction locations. To date, WWA Group has acted as a consultant to strategic partners in the auctions outside of Dubai but has not received any fees from such auctions.

For the three months ended March 31, 2006, WWA Group realized a net profit as compared to a net loss from operations in similar period of three months ended March 31, 2005 as a result of increased commission revenue and reduction in direct costs and operation expenses. One on-site equipment auction was held in both the first quarter of 2006 and 2005. WWA Group believes that the immediate key to our ability to operate profitably is to increase the number and the size of our auctions. WWA Group believes if we are able to increase the number and size of our auctions we will be able to operate at a profit in future periods. However, there is no assurance that WWA Group will be successful in increasing the size and frequency of our auctions or that such auctions will generate sufficient revenue

to result in income from operations.

### **Comparison of the Three Months Ended March 31, 2006 and 2005**

#### *Revenue*

Revenue for the three months ended March 31, 2006 was \$4,263,961 as compared to revenue of \$4,271,325 for the three months ended March 31, 2005. The revenue from commission and services was \$1,154,861 for the three months ended March 31, 2006 as compared to \$1,096,968 for the three months ended March 31, 2005, an increase of 5%. The revenue from sale of equipment was \$3,109,100 for the three months ended March 31, 2006 as compared to \$3,174,357 for the three months ended March 31, 2005, a decrease of 2%. The one major auction held in February of 2006 in Dubai was almost equal in terms of gross auction sales and revenue to the one held in February of 2005. WWA Group held a similar auction in April of 2006, and will hold another major auction in June 2006. WWA Group anticipates that these auction events will result in continued growth and expansion in the auction marketplace and keep WWA Group on track to increase gross revenues in 2006 as compared to 2005.

#### *Gross Profit*

Gross margin percentage from auction commission revenue during the first quarter of 2006 was approximately 41% whereas the gross margin percentage on the sales of equipment was approximately 2%. Because of the increase in the auction commission revenue, the higher margin source of revenue, overall gross profit increased from \$618,332 in the first quarter of 2005 to \$733,587 in the first quarter of 2006 and WWA Group generated a net profit from operations. Gross margin from the sale of equipment historically has ranged from approximately 2% to 5%, whereas the gross margin percentage from auction commission revenue has ranged from approximately 40% to 60%.

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#### *Expenses*

Total operating expenses for the three months ended March 31, 2006 were \$850,362, as compared to total operating expenses of \$921,084 for the three month period ended March 31, 2005, a decrease of 8%. The decrease in expenses was partially attributable to reduced travel, salaries, mailing and communication costs. WWA Group expects that direct costs and selling, general and administrative expenses may rise with the number and size of anticipated auctions to be held over the next nine months, however, revenue growth is expected to outpace increases in expenses.

Depreciation and amortization expense expenses for the three months ended March 31, 2006 and March 31, 2005 were \$122,573 and \$109,452 respectively. Depreciation and amortization expenses are expected to continue to grow as WWA Group acquires additional assets. Management has worked to control administrative expense by maintaining constant staffing levels and facilities while increasing revenues. We intend to expand our physical facilities in late 2006 by building a new modern auction yard and offices. However we expect to keep employment at present levels.

#### *Net Income (Loss)*

Net income for the three months ended March 31, 2006 was \$30,211 as compared to net loss of \$179,453 for the three months ended March 31, 2005. The increase in net income is mainly attributable to the increased commission revenue

and reduced direct cost and operation expenses. WWA Group anticipates a net income growth over the next nine months, based on our current accelerated auction schedule.

### **Income Tax Expense (Benefit)**

The Jebel Ali Free Zone is an income tax free zone. Therefore, the profits of WWA Group are not taxable in Dubai. WWA Group has determined that undistributed earnings from Dubai will be reinvested in the business indefinitely and that such earnings will not be distributed to the U.S. parent. 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. If, in the future, WWA Group distributes such earnings to the U.S. parent, the earnings will be taxable at the applicable U.S. tax rates.

### **Impact of Inflation**

WWA Group believes that inflation has had a negligible effect on operations over the past three years. WWA Group believes that we can offset inflationary increases in the cost of materials and labor by increasing sales and improving operating efficiencies.

### **Liquidity and Capital Resources**

Cash flow used in operating activities was \$2,103,253 for the three months ended March 31, 2006 as compared to \$5,781,917 for the three months ended March 31, 2005. Negative cash flows from operating activities in the three months ended March 31, 2006, are primarily attributable to a significant decrease in auction proceeds payable. Anticipated increased net revenues and a decrease in accounts receivable are expected to generate an increase in cash flow from operations in future periods; however, there can be no assurance that revenues will increase or that increases in revenues will result in positive cash flow from operating activities.

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Cash flows used in investing activities for the three months ended March 31, 2006 were \$1,169,431 as compared to cash flow of \$91,773 provided by investing activities for the three months ended March 31, 2005. The cash flow used in investing activities for the three months ended March 31, 2006 was primarily comprised of a notes payable of \$1,096,236 to a company in the regular course of business and \$73,195 to acquire additional property and equipment.

Cash flows used in financing activities were \$572,680 for the three months ended March 31, 2006 as compared to cash flow of \$1,210,225 provided by financing activities for the three months ended March 31, 2005. The cash flows used in financing activities consisted primarily of repayment of working capital finance to bank \$534,503 and repayment of long term debt \$38,177.

WWA Group has a working capital surplus of \$1,294,335 as of March 31, 2006, compared to a working capital surplus of \$1,180,170 as of December 31, 2005. Working capital is expected to increase in the second quarter of 2006 due to the two large auctions being held in this period.

On March 31, 2006 WWA Group had auction proceeds payable of approximately \$5,550,000 and accounts payable of approximately \$619,605. WWA Group had \$4,694,594 in cash, and accounts receivable of \$690,114 as at March 31, 2006. WWA Group believes that we have sufficient current assets and operational cash flow to meet our obligations.

However, WWA Group may be required to obtain funding from alternative sources to accelerate the pay down of our auction proceeds to increase our customer retention. Sources for funding WWA Group's working capital deficit consist of loans from shareholders, the sale of common stock or other equity instruments, or loans from other sources. WWA Group has funded our cash needs from inception through operations, increasing our payables, and a series of debt transactions. WWA Group can provide no assurance that we will be able to obtain additional financing, if needed, to meet our current obligations. If WWA Group is unable to increase our cash flows from operating activities or obtain additional financing, we may be required to delay payment of accounts payable or auction proceeds payable, which could negatively impact WWA Group's ability to attract and retain consignors for future auctions.

Since earnings will be reinvested in operations, WWA Group does not expect to pay cash dividends in the foreseeable future.

WWA Group has no defined benefit plan or contractual commitment with any of our officers or directors.

### **Critical Accounting Policies**

In Note 1 to the audited consolidated financial statements for the years ended December 31, 2005 included in Form 10-KSB, we discuss those accounting policies that are considered to be significant in determining the results of operations and our financial position. We believe that the accounting principles utilized by us conform to accounting principles generally accepted in the United States of America.

The preparation of financial statements requires management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these judgments are subject to an inherent degree of uncertainty. On an on-going basis, we evaluate our estimates, including those related to bad debts, inventories, intangible assets, warranty obligations, product liability, revenue, and income taxes. We base our estimates on historical experience and other facts and circumstances that are believed to be reasonable, and the results form the basis for making judgments about the carrying value of assets and liabilities. The actual results may differ from these estimates under different assumptions or conditions.

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With respect to revenue recognition, we apply the following critical accounting policies in the preparation of our financial statements

#### *Revenue Recognition*

Auction Revenues earned in WWA Group's capacity as agent for consignors of equipment are comprised mainly of auction commissions in the form of flat selling fees or fixed or sliding percentages of the gross auction sale price of any consigned equipment. The majority of auction commissions are earned as a fixed rate of the gross selling price. Auction Revenues also include any preparation, shipping, clearing, transport and handling charges and fees applicable to certain items of consigned equipment; incidental interest income; buyers' commission applicable on certain sales of items. All revenue is recognized when the auction sale is complete and we have determined that the auction proceeds are collectible.

Trading revenues are defined as gross proceeds on sales of WWA Group owned or underwritten inventory sold at auction or privately. All costs of goods sold are accounted for under direct costs. Trading revenue can be earned and direct costs can be incurred when WWA Group guarantees a certain net level of proceeds to a consignor. This type of

revenue includes a percentage of proceeds in excess of the guaranteed amount. If actual auction proceeds are less than the guaranteed amount, WWA Group can incur a net loss on the sale. Therefore, sales of equipment on a guarantee contracts are to be treated the same as inventory for accounting purposes. Our exposure from these guarantee contracts can vary over each guarantee contract. Losses, if any, resulting from guarantee contracts are recorded in the period in which the relevant auction is held.

#### *Allowance for Doubtful Accounts*

WWA Group makes estimates of the collectability of accounts receivable. In doing so, WWA Group analyzes accounts receivable and historical bad debts, customer credit-worthiness, current economic trends and changes in customer payment patterns when evaluating the adequacy of the allowance for doubtful accounts.

#### **Forward Looking Statements and Factors That May Affect Future Results and Financial Condition**

The statements contained in sections titled "Management's Discussion and Analysis", with the exception of historical facts, are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which reflect our current expectations and beliefs regarding our future results of operations, performance, and achievements. These statements are subject to risks and uncertainties and are based upon assumptions and beliefs that may or may not materialize. These forward looking statements include, but are not limited to, statements concerning:

- IXI the sufficiency of existing capital resources and WWA Group's ability to raise additional capital to fund cash requirements for future operations;
- IXI uncertainties involved in the rate of growth of WWA Group's business and acceptance of products and services;
- IXI the ability of WWA Group to achieve and maintain a sufficient customer base to have sufficient revenues to fund and maintain operations;
- IXI volatility of the stock market; and
- IXI general economic conditions.

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We wish to caution readers that WWA Group's operating results are subject to various risks and uncertainties that could cause our actual results to differ materially from those discussed or anticipated in this report. We also wish to advise readers not to place any undue reliance on the forward looking statements contained in this report, which reflect our beliefs and expectations only as of the date of this report. We assume no obligation to update or revise these forward looking statements to reflect new events or circumstances or any changes in our beliefs or expectations, other than that is required by law.

#### **Risks Related to Our Business and Stock**

Our future operating results are highly uncertain. Before deciding to invest in us or to maintain or increase your investment, you should carefully consider the risks described below, in addition to the other information contained in this annual report. If any of these risks actually occur, our business, financial condition or results of operations could be seriously harmed. In that event, the market price for our common stock could decline and you may lose all or part

of your investment.

*Sales of equipment from our auctions may ultimately end up in Iran*

Due to the proximity of Iran to our auction site and statistics on regional spending on used construction equipment, there is reason to believe that some percentage of the equipment sold at our auctions ultimately ends up in Iran. Although we sell no equipment to Iran, Sudan or Syria, countries which the U.S. State Department and OFAC have identified as state sponsors of terrorism, it is possible that some equipment at our auctions is sold to entities that re-export to these countries, particularly to Iran. While we have neither any knowledge of nor any means to control such sales, the U.S. State Department or the OFAC could impose fines upon us or cause us to restrict certain of our sales in some manner based on this possibility. Any such action on the part of the U.S. State Department or the OFAC might reduce revenue at our auctions and thereby have a negative impact on shareholder value.

*The market for our stock is limited and our stock price may be volatile.*

The market for our common stock has been limited due to low trading volume and the small number of brokerage firms acting as market makers. Because of the limitations of our market and volatility of the market price of our stock, investors may face difficulties in selling shares at attractive prices when they want to. The average daily trading volume for our stock has varied significantly from week to week and from month to month, and the trading volume often varies widely from day to day.

*We may incur significant expenses as a result of being quoted on the Over the Counter Bulletin Board, which may negatively impact our financial performance.*

We may incur significant legal, accounting and other expenses as a result of being listed on the Over the Counter Bulletin Board. The Sarbanes-Oxley Act of 2002, as well as related rules implemented by the Securities and Exchange Commission ( Commission ), has required changes in corporate governance practices of public companies. We expect that compliance with these laws, rules and regulations, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002 as discussed in the following risk factor, may substantially increase our expenses, including our legal and accounting costs, and make some activities more time-consuming and costly. As a result, there may be a substantial increase in legal, accounting and certain other expenses in the future, which would negatively impact our financial performance and could have a material adverse effect on our results of operations and financial condition.

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*Our internal controls over financial reporting may not be considered effective, which could result in a loss of investor confidence in our financial reports and in turn have an adverse effect on our stock price.*

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, beginning with our annual report for the year ending December 31, 2007, we may be required to furnish a report by our management on our internal controls over financial reporting. Such report will contain, among other matters, an assessment of the effectiveness of our internal controls over financial reporting as of the end of the year, including a statement as to whether or not our internal controls over financial reporting are effective. This assessment must include disclosure of any material weaknesses in our internal controls over financial reporting identified by management. The report will also contain a statement that our independent registered public accounting firm has issued an attestation report on management's assessment of internal controls. If we are unable to assert that our internal controls are effective as of December 31, 2007, or if our independent registered public accounting firm is unable to attest that our management's report is fairly stated or they are unable to express an opinion on our management's evaluation or on the effectiveness of our internal controls, investors could lose confidence in the accuracy and completeness of our financial reports, which in turn could cause

our stock price to decline.

### **ITEM 3. CONTROLS AND PROCEDURES**

#### a) Evaluation of disclosure controls and procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of March 31, 2006. Based on this evaluation, our principal executive officer and our principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective and adequately designed to ensure that the information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms.

#### (b) Changes in internal controls over financial reporting.

During the quarter ended March 31, 2006 there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

WWA Group's management, including the chief executive officer and chief financial officer, does not expect that our disclosure controls or internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake.

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Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management's override of the control. The design of any systems of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Individual persons perform multiple tasks which normally would be allocated to separate persons and therefore extra diligence must be exercised during the period these tasks are combined

## **PART II**

### **ITEM 1. LEGAL PROCEEDINGS**

None.

**ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

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

None.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

Exhibits required to be attached by Item 601 of Regulation S-B are listed in the Index to Exhibits on page 18 of this Form 10-QSB, and are incorporated herein by this reference.

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**SIGNATURES**

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, hereunto duly authorized, this 10th day of May, 2006.

**WWA Group, Inc.**

/s/ Eric Montandon

Eric Montandon

Chief Executive Officer and Director

/s/ Digamber Naswa

Digamber Naswa

Chief Financial Officer and Director

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## INDEX TO EXHIBITS

Exhibit No.	Page No.	Description
3(i)(a)	*	Articles of Incorporation of WWA Group formally known as Conceptual Technologies, Inc. a Nevada corporation dated November 26, 1996 (incorporated herein by reference from Exhibit No. 2(i) to WWA Group's Form 10SB12G/A as filed with the Commission on November 29, 1999).
3(i)(b)	*	Certificate of Amendment of the Articles of Incorporation of WWA Group filed on August 29, 1997 effecting a 1-for-14 reverse split and rounding each fractional share to one whole share (incorporated herein by reference from Exhibit 2(ii) of WWA Group's Form 10SB12G/A as filed with the Commission on November 29, 1999).
3(i)(c)	*	Certificate of Amendment of the Articles of Incorporation of WWA Group changing the name of WWA Group from Conceptual Technologies, Inc. to NovaMed, Inc. (incorporated herein by reference from Exhibit 2(iii) of WWA Group's Form 10SB12G/A as filed with the Commission on November 29, 1999).
3(i)(d)	*	Certificate of Amendment to the Articles of Incorporation of WWA Group changing the name of WWA Group from NovaMed, Inc. to WWA Group, Inc. (incorporated herein with reference from Exhibit 3(i)(d) of WWA Group's Form 10-QSB as filed with the Commission on November 20, 2003).
3(ii)	*	Bylaws of WWA Group adopted on November 12, 1996 (incorporated herein by reference from Exhibit 2(iv) of WWA Group's Form 10SB12G/A as filed with the Commission on November 29, 1999).
10	*	Stock Exchange Agreement between WWA Group, Inc. and World Wide Auctioneers Ltd. dated August 5, 2003 (incorporated herein by reference from the Form 8-K filed with the Commission on August 25, 2004).
14	*	Code of Ethics adopted on March 28, 2004 (incorporated by herein by reference from the 10-KSB filed with the Commission on March 30, 2004).
31(a)	<u>Attached</u>	Certification of the Chief Executive Officer pursuant to Rule 13a-14 of the Commissionurities and Exchange Act of 1934 as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31(b)	<u>Attached</u>	Certification of the Chief Financial Officer pursuant to Rule 13a-14 of the Commissionurities and Exchange Act of 1934 as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32(a)	<u>Attached</u>	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32(b)	<u>Attached</u>	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

\* Incorporated by reference from previous filings of WWA Group, Inc.