WWA GROUP INC
Form 10QSB
August 18, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

[**X**] Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **June 30, 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 **X** 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 August 10, 2006 was 16,670,803.

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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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Assets	Consolidate June 30, 2006 (Unaudited)
Current assets:	
Cash	$ 5,307,316
Marketable securities	73,000
Receivables, net	7,278,459
Inventories	1,278,558
Prepaid expenses	206,043
Deposit on software	-
Notes receivable	5,069,476
Other current assets	314,526
Total current assets	19,527,379
Property and equipment, net	1,457,583
Investment in unconsolidated entity	250,000
Total Assets	$ 21,234,962
Liabilities and Stockholders' Equity	
Current liabilities:	
Auction proceeds payable	$ 13,966,501
Accounts payable	766,436
Accrued expenses	135,453
Line of credit	2,181,823
Current maturities of long-term debt	172,301
Total current liabilities	17,222,514
Long-term debt	111,357
Total liabilities	17,333,871
Commitments and contingencies	-
Stockholders' equity:	
Common stock, $0.001 par value, 50,000,000	

shares authorized; 16,670,803 and 15,970,803 shares issued and outstanding, respectively	16,671	
Additional paid-in capital	1,509,460	
Retained earnings	2,374,959	
Total stockholders' equity:	3,901,090	
Total Liabilities and Stockholders' Equity	$ 21,234,962	$

See accompanying condensed notes to consolidated financial statements.

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Consol

	Three months ended June 30, Unaudited 2006	Unaudited 2005	Six Unaudited
Revenues from commissions and services	$ 2,740,780	$ 2,550,191	$ 3,
Revenues from sales of equipment	1,604,946	952,625	4,
Total revenues	4,345,727	3,502,816	8,
Direct costs - commissions and services	938,217	999,014	1,
Direct costs - sales of equipment	1,518,132	938,169	4,
Gross profit	1,889,378	1,565,633	2,
Operating expenses:			
General, selling and administrative expenses	752,608	472,714	1,
Salaries and wages	294,130	335,248	
Selling expenses	73,545	34,434	
Depreciation and amortization expense	117,837	107,376	
Total operating expenses	1,238,120	949,771	2,
Income from operations	651,258	615,862	
Other income (expense):			
Interest expense	(52,294)	(82,042)	(1
Interest income	210,483	151,800	

Other income	28,423	27,756	
Total other income	186,612	97,514	
Income before income taxes	837,870	713,376	
Provision for income taxes	-	-	
Net income	$ 837,870	$ 713,376	$ 8
Basic and diluted earnings per common share	$ 0.05	$ 0.04	$
Weighted average shares - basic and diluted	16,132,341	15,970,803	15,

See accompanying condensed notes to consolidated financial statements.

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	Consolidated
	Six months 2006 unaudited
Cash flows from operating activities:	
Net income	$ 868,081
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	240,409
Loss on disposition of assets	82,759
Loss on securities	-
Value of options granted	146,637
Changes in operating Assets and Liabilities:	
Decrease (increase) in:	
Accounts receivable	(3,492,619)
Inventories	(694,172)
Prepaid expenses	(138,538)
Other current assets	(170,757)

Other assets	232,105
Increase (decrease) in:	
Auction proceeds payable	4,058,680
Accounts payable	(522,133)
Accrued liabilities	(18,128)
Net cash provided by (used in) operating activities	592,324
Cash flows from investing activities:	
Purchase of property and equipment	(492,285)
(Increase) in note receivable	(1,518,574)
Net cash (used in) investing activities	(2,010,859)
Cash flows from financing activities:	
Increase (Decrease) in line of credit	(2,086,829)
Payments on short-term notes	-
Payments of long-term debt	(77,280)
Proceeds from issuance of common stock	350,000
Net cash (used in) financing activities	(1,814,108)
Net (decrease) in cash and cash equivalents	(3,232,642)
Cash and cash equivalents at beginning of year	8,539,958
Cash and cash equivalents at end of period	$ 5,307,316

See accompanying condensed notes to consolidated financial statements.

WWA GROUP, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2006

Note 1 Organization and Basis of Presentation

WWA Group, Inc., (the Company), through a subsidiary, operates in Jebel Ali, Dubai, United Arab Emirates 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.

WWA Group, Inc., includes the accounts of WWA Group, Inc. and its wholly owned subsidiaries World Wide Auctioneers, Ltd. (WWA), 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, the Company and WWA executed a stock exchange agreement, whereby the Company agreed to acquire 100% of the issued and outstanding shares of WWA, in exchange for 13,887,447 shares of the Company s common stock. Because the owners of WWA became the principal shareholders of the Company through the merger, WWA is considered the acquirer for accounting purposes and this merger is accounted for as a reverse acquisition or recapitalization of WWA. Subsequent to the merger, the Company 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 Regulation S-B as promulgated by the Securities and Exchange Commission (SEC) and, therefore, do not include all information and footnotes required by generally accepted accounting principles and should, therefore, be read in conjunction with the Company s Form 10-KSB for the year ended December 31, 2005. These statements do include all normal recurring adjustments which the Company 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 period. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the period, 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 period. There are no common stock equivalents at June 30, 2006.

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 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 collectibility is reasonably assured. All costs of goods sold are accounted for under direct costs.

WWA GROUP, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2006

Note 2 Summary of Significant Accounting Policies (continued)

Stock Based Compensation The Company 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.

Use of 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.

Newly Issued Accounting Pronouncements In February 2006, the FASB issued Statement No. 155, Accounting for Certain Hybrid Financial Instruments , an amendment of FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities and FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. This Statement permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation; clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement No. 133, establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives and amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. This Statement is effective for accounting changes and corrections of errors made in fiscal periods that begin after September 15, 2006. Management does not anticipate this Statement will impact the Company s consolidated financial position or consolidated results of operations and cash flows.

In March 2006, the FASB issued Statement No. 156, Accounting for Servicing of Financial Assets , an amendment of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. This Statement amends Statement No. 140 with respect to the accounting for separately recognized servicing assets and servicing liabilities. This Statement is effective for accounting changes and corrections of errors made in fiscal periods that begin after September 15, 2006. Management does not anticipate this Statement will impact the Company s consolidated financial position or consolidated results of operations and cash flows.

Note 3 Notes Receivable

Notes receivable amounting to $ 5,069,476 as at June 30, 2006 remain due to the Company from its trading partners. $3,000,000 is in the form of a secured loan receivable from a shipping company which bears interest of 1.8% per month and was due to be repaid on or before June 30, 2006. In July 2006, the Company exercised the option to acquire 100% of the shipping Company s outstanding shares. As of June 30, 2006, the Company had received all interest income as it relates to the loan receivable. Other amounts in this category are receivables from one of the Company s regular consignors, from its Australia auction partner and from a Dubai based rock crushing company.

WWA GROUP, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2006

Note 4 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.

Note 5 Stock Options

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

In December 2005, the Company created a stock option plan (The 2005 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 2005 Stock Option Plan.

The Company issued no compensatory options to its employees during the six months ended June 30, 2006.

In April 2006 the Company adopted The 2006 Benefit Plan of WWA Group, Inc. (the Plan), considered by the board of directors in December 2005, which approved the registration of 2,500,000 shares of the common stock to be available for issuance under the Plan. The Company granted 700,000 options to purchase shares of common stock registered under the Plan at $0.50 a share for a term of twelve months to an independent consultant for services rendered. The options were exercised during the three months ended June 30, 2006. The Company recorded an expense of $146,637 for the value of the options granted upon applying the Black-Scholes option valuation model. The Company received $350,000 from the exercise of the options on June 6, 2006. There are no unexercised options outstanding at June 30, 2006.

The Company used the Black-Scholes option price calculation to value its options granted during the period ended June 30, 2006, using the following assumptions: risk free rate of 4%, volatility of 67% and a 1 year term.

Note 6 Risks Related to Our Business and Stock

Due to the proximity of Iran, Sudan and Syria to our 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 our auctions ultimately ends up in Iran, Sudan or Syria. The U.S. State Department or OFAC could impose fines upon us or cause us to restrict certain of our sales based on this possibility. Any such action could have a negative impact on our reputation which might decrease shareholder value.

WWA GROUP, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2006

Note 7 Subsequent Events

In July 2006, the Company acquired all of the shares of Crown Diamond Holding Company (CDHC) by exercising the option to convert its secured loan in to equity amounting to $ 3,000,000. Accordingly, CDHC has become a wholly owned subsidiary of the Company to be consolidated in its future financial statements. The primary asset of CDHC was a shipping vessel. The Company will record the shipping vessel on its books at its cost of approximately $3,000,000. The Company assumed no significant liabilities in the transaction. In connection with the transaction the Company also paid a commission of $250,000 to an individual for arranging the long term charter of the shipping vessel through December 31, 2009.

In July 2006, the Company acquired certain port loading equipment and operations in the United Arab Emirates from an individual for $ 350,000.

In July 2006, the Company s board of directors allocated 1,500,000 of the stock options under The 2006 Benefit Plan to be granted to up to 10 of its employees exercisable at $0.59 during a one year period, with the amounts to each employee to be determined by the Company s CEO.

In July 2006, the Company s board of directors authorized the issuance of up to 5,000,000 shares of its unregistered common stock to accredited investors in a private placement. The Company s CEO is authorized to negotiate the best possible terms of the private placement.

ITEM 2.

MANAGEMENT S DISCUSSION AND ANALYSIS

The following discussion and analysis of our financial condition and results of operation should be read in conjunction with the financial statements and accompanying notes and the other financial information appearing elsewhere in this report. WWA Group s fiscal year end is December 31.

General

WWA Group s business strategy is to continue to grow the number and size of auctions held during the year, to increase 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. During the current three month period WWA Group held two successful construction equipment auctions in Dubai and one auction in Qatar. Subsequent to

June 30, 2006, WWA Group held one online equipment auction.

Implementation of WWA Group s growth model will include (i) expanding our lower cost auction methods, such as on-line auctions and video auctions, and (ii) diversifying into lower cost transportation equipment only auctions, 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, and the economics of scale at the Dubai facility are efficient for this purpose.

WWA Group is also 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.

Subsequent to June 30, 2006, WWA Group acquired Crown Diamond Holdings Ltd. by exercising an option to convert our $3,000,000 loan into 100% ownership. Crown Diamond Holdings Ltd. owns the RO vessel MV Iron Butterfly which is engaged under an existing carriage charter for the next twelve months. In connection with the transaction WWA Group also paid a commission of $250,000 to an individual for arranging the long term charter of the shipping vessel through December 31, 2009.

Subsequent to June 30, 2006, WWA Group entered into an agreement with Stuart Copeland to acquire his port offloading equipment, rental business and existing rental contract in Al Hamra Port, Ras Al Khaimah, United Arab Emirates for $350,000.

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 consignors. Industrial equipment prices historically have been volatile and are likely to continue to be volatile, 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. Our 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 June 30, 2006, WWA Group was engaged in conducting un-reserved auctions for industrial equipment through our subsidiary, World Wide Auctioneers, Ltd., from our auction site located in the Jebel Ali Free Trade Zone, Dubai, United Arab Emirates. 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, we have acted as a consultant to strategic partners in the auctions outside of Dubai but have not received any fees from such auctions.

For the three months ended June 30, 2006, WWA Group realized a reduced net income as compared to the three months ended June 30, 2005 as a result of granting a stock option of 700,000 shares at $0.50 to a consultant in the Philippines. The options were valued using the Black-Scholes formula which created a non cash expense whereby profit was reduced by $ 146,637. After subtracting this extraordinary expense the net income increased due to increased trading revenue and the reduction in direct costs and operating expenses. Three on-site equipment auctions were completed in 2006 as compared to two in the second quarter 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 increase our profit in future periods.

Three and six months periods ended June 30, 2006 and 2005

Revenue

Revenue for the three months ended June 30, 2006 increased to $4,345,727 from $3,502,816 for three months period ended June 30, 2005, an increase of 24%. Revenue for the six months ended June 30, 2006 increased to $8,609,688 from $7,774,142 for the six months period ended June 30, 2005, an increase of 11%. The increase in revenues over the six months period is mainly due to an increase in trading revenue in 2006 and the addition of a one day auction in Qatar. The two major auctions recognized in the second quarter of 2006 in Dubai were almost the same in terms of gross auction sales and revenue as those auctions held in the second quarter of 2005. 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 for all of 2006 as compared to 2005. The growth in revenue reflects efforts towards expansion in the auction marketplace in 2006.

Gross Profit

Gross margin percentage from auction commission revenue during the three months ended June 30, 2006 was approximately 44% whereas the gross margin percentage on the sales of equipment was approximately 6%. Due to the decrease in the direct auction expenses and the increase in trading revenue, overall gross profit increased from $1,565,633 in the three months ended June 30, 2005 to $1,889,378 in the three months ended June 30, 2006. Gross margin from the sale of equipment historically has ranged from approximately 2% to 6%, whereas the gross margin percentage from auction commission revenue has ranged from approximately 40% to 70%.

Expenses

Total operating expenses for the three months ended June 30, 2006 were $1,238,120 as compared to total operating expenses of $949,771 for the three month period ended June 30, 2005, an increase of 46% mainly due to increase of stock option expense of $ 146,637 and partially due to an increase in depreciation. The total operating expenses for the six months ended June 30, 2006 were $2,088,483 as compared to $1,870,854 for the six months ended June 30, 2005, an increase of 11% mainly due to stock option expense. Management has worked to control administrative expenses by maintaining constant staffing levels. Nonetheless, 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 six months, however, revenue growth is expected to outpace increases in expenses.

Depreciation and amortization expense expenses for the three months ended June 30, 2006 and June 30, 2005 were $117,837 and $107,376, respectively. Depreciation and amortization expense expenses for the six months ended June 30, 2006 and June 30, 2005 were $240,409 and $216,828, respectively. Depreciation and amortization expenses are expected to continue to grow as WWA Group acquires additional assets including shipping vessel and port equipment acquired in July 2006. Specifically, we intend to expand our physical facilities in late 2006 by building a new modern auction yard and offices.

Net Income

Net income for the three months ended June 30, 2006 increased to $837,870 as compared to net income of $713,376 for the three months period ended June 2005, an increase of 17% mainly due to holding an additional auction. Net income for the six months ended June 30, 2006 increased to $868,081 from $533,924 for the six months ended June 30, 2005, an increase of 63%. WWA Group anticipates a net income growth over the next twelve months, based on our current accelerated auction schedule.

Income Tax Expense (Benefit)

WWA Group s subsidiary, World Wide Auctioneers, Ltd., operates in the Jebel Ali Free Zone an income tax free zone. Therefore, the profits of World Wide Auctioneers, Ltd. 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 WWA Group. 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, World Wide Auctioneers, Ltd. s earnings are distributed to WWA Group, 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 it can offset inflationary increases in the cost of auctions and labor by increasing sales and improving operating efficiencies.

Liquidity and Capital Resources

Cash flow provided by operating activities was $592,324 for the six months ended June 30, 2006 as compared to cash flow used in operating activities $2,103,587 for the six months ended June 30, 2005. Positive cash flows from operating activities in the six months ended June 30, 2006, are primarily attributable to a significant decrease in auction proceeds payable and net income during the period. 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.

Cash flows used in investing activities for the six months ended June 30, 2006 were $2,010,859 as compared to cash flow used in investing activities of $447,376 for the six months ended June 30, 2005. The cash flow for investing activities in the six months ended June 30, 2006 was primarily comprised of investment in notes receivable.

Cash flows used in financing activities were $1,814,108 for the six months ended June 30, 2006 as compared to cash flow used in financing activities of $30,444 for the six months ended June 30, 2005. The cash flows for financing activities in the six months ended June 30, 2006 consisted primarily of repayment of working capital finance to banks of $2,086,829, repayment of long term debt $77,280 less proceeds from the issuance of common stock $350,000.

WWA Group has a working capital of $2,304,865 as of June 30, 2006, compared to a working capital surplus of $1,180,170 as of December 31, 2005. Working capital is expected to decrease in the three month period ended September 30, 2006 due to the acquisition of ship and port operations in July 2006.

On June 30, 2006, WWA Group had auction proceeds payable of $13,966,501 and accounts payable of $766,436. WWA Group had $5,307,316 in cash, and accounts receivable of $7,278,459 as at June 30, 2006. WWA Group believes that we have sufficient 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 adopted The 2006 Benefit Plan of WWA Group, Inc. on April 26, 2006. Under the benefit plan, WWA Group may issue stock, or grant options to acquire up to 2,500,000 shares of WWA Group s common stock to employees. The board of directors, at its own discretion may also issue stock or grant options to other individuals, including consultants or advisors, who render services to WWA Group or our subsidiaries, provided that the services rendered are not in connection with the offer or sale of securities in a capital-raising transaction. Further, no stock may be issued, or option granted under the benefit plan to consultants, advisors, or other persons who directly or indirectly promote or maintain a market for WWA Group s stock. WWA Group granted 700,000 options pursuant to the benefit plan during the six months ended June 30, 2006, which options have been exercised. The benefit plan is registered on Form S-8 with the Securities and Exchange Commission.

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

WWA Group intends to expand physical facilities in late 2006 by building a new modern auction yard and offices in Dubai. WWA Group has no plans to increase the number of employees.

Critical Accounting Policies

In Note 1 to the audited consolidated financial statements for the year ended December 31, 2005, included in our Form 10-KSB, we discussed 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.

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.

Newly Issued Accounting Pronouncements

In February 2006, the FASB issued Statement No. 155, Accounting for Certain Hybrid Financial Instruments , an amendment of FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities and FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. This Statement permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation; clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement No. 133, establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives and amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. This Statement is effective for accounting changes and corrections of errors made in fiscal periods that begin after September 15, 2006. Management does not anticipate this Statement will impact the Company s consolidated financial position or consolidated results of operations and cash flows.

In March 2006, the FASB issued Statement No. 156, Accounting for Servicing of Financial Assets , an amendment of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. This Statement amends Statement No. 140 with respect to the accounting for separately recognized servicing assets and servicing liabilities. This Statement is effective for accounting changes and corrections of errors made in fiscal periods that begin after September 15, 2006. Management does not anticipate this Statement will impact the Company s consolidated financial position or consolidated results of operations and cash flows.

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:

|X| the sufficiency of existing capital resources and WWA Group s ability to raise additional capital to fund cash requirements for future operations;

|X| uncertainties involved in the rate of growth of WWA Group s business and acceptance of products and services;

|X| the ability of WWA Group to achieve and maintain a sufficient customer base to have sufficient revenues to fund and maintain operations;

|X| volatility of the stock market; and

|X| general economic conditions.

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 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, Sudan or Syria

Due to the proximity of Iran, Sudan and Syria to our 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 our auctions ultimately ends up in Iran, Sudan or Syria. Although we sell no equipment to Iran, Sudan or Syria, countries which the U.S. State Department and the Office of Foreign Assets Control (OFAC) have identified as state sponsors of terrorism, and we make no effort to attract consignors or bidders from any country recognized as a state sponsor of terrorism, it is possible that some equipment at our auctions is sold to entities that re-export to these countries, particularly to Iran. Our own records indicate that registered bidders with Iranian addresses bought $7,300,000 worth of equipment, registered bidders with Sudanese addresses bought $1,847,950 worth of equipment and registered bidders with Syrian addresses bought $202,300 worth of equipment at our Dubai auctions between 2001 and 2005, from a total of over $371,600,000 in sales during this period or approximately 2.5% of our total sales. We do not believe that this percentage of our sales has any impact on our operations, reputation or shareholder value.

However, despite the fact that we have no knowledge of delivery of equipment purchased at our auctions into Iran, Sudan or Syria nor any means to control any such sales, the U.S. State Department or OFAC could impose fines upon us or cause us to restrict certain of our sales based on this possibility. Any such action on the part of the U.S. State Department or OFAC could have a negative impact on our reputation which might decrease 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 June 30, 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 June 30, 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.

PART II

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

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 21 of this

Form 10-QSB, and are incorporated herein by this reference.

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 15th day of August, 2006.

WWA Group, Inc.

/s/ Eric Montandon

Eric Montandon

Chief Executive Officer and Director

/s/ Digamber Naswa

Digamber Naswa

Chief Financial Officer, Principal Accounting Officer and Director

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 filled 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(i)	*	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).
10(ii)	*	Purchase Agreement between World Wide Auctioneers, Ltd., Geoffrey Greenless and Crown Diamond Holdings, Inc. dated June 30, 2006 (incorporated herein by reference from the Form 8-K filed with the Commission on July 19, 2006.
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)	Attached	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)	Attached	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)	Attached	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)	Attached	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.