

WWA GROUP INC
Form 10-Q
May 15, 2008
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **March 31, 2008**.
- 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

(State or other jurisdiction of
incorporation or organization)

77-0443643

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

2465 West 12th Street, Suite 2 Tempe, Arizona 85281

(Address of principal executive offices) (Zip Code)

(480) 505-0070

(Registrant's telephone number, including area code)

n/a

(Former name, former address and former fiscal year, if changes 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 No . 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 Accelerated filer Non-accelerated filer Smaller reporting company

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

At May 14, 2008, the number of shares outstanding of the registrant's common stock, \$0.001 par value (the only class of voting stock), was 18,431,922.

TABLE OF CONTENTS

PART I. - FINANCIAL INFORMATION	
<u>ITEM 1. FINANCIAL STATEMENTS</u>	3
<u>Consolidated Balance Sheets as of March 31, 2008 (unaudited) and December 31, 2007 (audited)</u>	4
<u>Unaudited Consolidated Statements of Income for the three month periods ended March 31, 2008 and March 31, 2007</u>	5
<u>Unaudited Consolidated Statements of Cash Flows for the three month periods ended March 31, 2008 and March 31, 2007</u>	6
<u>Notes to Unaudited Consolidated Financial Statements</u>	7
<u>ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	9
<u>ITEM 3. Quantitative and Qualitative Disclosures about Market Risk</u>	16
<u>ITEM 4T. Controls and Procedures</u>	16
 PART II. - OTHER INFORMATION	
<u>ITEM 1. Legal Proceedings</u>	17
<u>ITEM 1A. Risk Factors</u>	17
<u>ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	20
<u>ITEM 3. Defaults upon Senior Securities</u>	20
<u>ITEM 4. Submission of Matters to a Vote of Securities Holders</u>	20
<u>ITEM 5. Other Information</u>	21
<u>ITEM 6. Exhibits</u>	21
<u>Signatures</u>	22
<u>Index to Exhibits</u>	23

[Return to Table of Contents](#)

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

As used herein, the terms “Company,” “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.

3

[Return to Table of Contents](#)

WWA GROUP, INC.
Consolidated Balance Sheets

<u>Assets</u>	Unaudited March 31, 2008	Audited December 31, 2007
Current assets:		
Cash	\$ 1,396,428	\$ 5,283,399
Receivables, net	1,691,970	2,564,066
Inventories	4,897,454	3,435,696
Prepaid expenses	343,554	446,159
Deposit on purchases	643,572	645,726
Notes receivable	2,921,038	2,895,748
Other current assets	310,401	323,634
Total current assets	12,204,417	15,594,427
Property and equipment, net	4,611,492	4,717,134
New leasehold improvement-CWIP	774,894	689,929
Investment in unconsolidated entity	1,739,417	1,737,455
Investment in related party entity	62,500	62,500
Total assets	\$ 19,392,720	\$ 22,801,445
 <u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Auction proceeds payable	\$ 2,642,459	\$ 7,941,866
Accounts payable	2,875,154	1,435,561
Accrued expenses	355,093	245,585
Line of credit	4,027,208	3,512,887
Current maturities of long-term debt	813,489	829,964
Total current liabilities	10,713,404	13,965,862
Long-term debt	1,794,412	1,988,345
Total liabilities	12,507,816	15,954,207
Stockholders' equity:		
Common stock, \$0.001 par value, 50,000,000 shares authorized; 18,431,922 shares issued and outstanding	18,432	18,432
Additional paid-in capital	2,812,045	2,812,045
Retained earnings	4,054,429	4,016,763
Total stockholders' equity:	6,884,906	6,847,240
Total liabilities and stockholders equity	\$ 19,392,720	\$ 22,801,445

See accompanying condensed notes to consolidated reviewed financial statements.

4

[Return to Table of Contents](#)

WWA GROUP, INC.
Consolidated Statements of Income

	For The Qtr Ending March	
	2008	2007
	unaudited	unaudited
Revenues from commissions and services	\$ 1,146,499	\$ 1,105,600
Revenues from sales of equipment	\$ 3,682,797	\$ 4,067,071
Revenues from ship charter	442,552	450,000
Total revenues	5,271,848	5,622,671
Direct costs - commissions and services	469,826	546,610
Direct costs - sales of equipment	3,381,633	3,755,739
Gross profit	1,420,389	1,320,322
Operating expenses:		
General and administrative expenses	605,371	843,282
Salaries and wages	435,816	411,321
Selling expenses	17,413	62,055
Depreciation and amortization expense	181,631	170,115
Total operating expenses	1,240,231	1,486,773
(Loss) Income from operations	180,158	(166,451)
Other income (expense):		
Interest expense	(182,873)	(79,082)
Interest income	28,729	14,285
Other income (expense)	11,651	24,862
Total other income (expense)	(142,493)	(39,936)
(Loss) Income before income taxes	37,666	(206,387)