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ANZA CAPITAL INC
Form 10-Q
March 23, 2006

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 JANUARY 31, 2006

☐ 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 0-24512

ANZA CAPITAL, INC.
(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation or organization)

88-1273503
(I.R.S. Employer
Identification No.)

c/o Viking Investments
65 Broadway, Suite 888
New York, NY
(Address of principal executive offices)

10006
(Zip Code)

Registrant's telephone number, including area code (212) 430 6548

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE
PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of January 31, 2006, there were 10,435,148 shares of common stock issued and 6,297,648 shares of common stock outstanding.

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ANZA CAPITAL, INC.

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PART I - FINANCIAL INFORMATION

This Quarterly Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934 (the "Exchange Act"). These statements are based on management's beliefs and assumptions, and on information currently available to management. Forward-looking statements include the information concerning our possible or assumed future results of operations set forth under the heading "Management's Discussion and Analysis of Financial Condition or Plan of Operation." Forward-looking statements also include statements in which words such as "expect," "anticipate," "intend," "plan," "believe," "estimate," "consider" or similar expressions are used.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. Our future results and shareholder values may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to put undue reliance on any forward-looking statements.

ITEM 1 FINANCIAL STATEMENTS

ANZA CAPITAL, INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

January 31, 2012
(Unaudited)

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,2
Commissions receivable and accounts receivable	3
Loans held for sale, net	
Marketable securities, subject to rescission	
Prepays and other current assets	

Total current assets	\$1,5
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Property and equipment, net		1
Other assets		

Total assets		\$1,6

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable		\$1
Commissions payable		1,7
Warehouse line of credit		
Accrued liabilities		1,6
Unsecured line of credit		
Other current liabilities		1
Convertible notes payable, net of discount		
Redeemable securities, net of discount		

Total liabilities		\$3,7

Stockholders' equity (deficit): Preferred stock, 2,500,000 shares authorized:		
Class D convertible preferred stock, no par value; liquidation value of		
\$126.81 per share; 15,000 shares authorized; 8,201.5 shares outstanding as		
of January 31, 2006 and April 30, 2005		
respectively		1,0
Class F convertible preferred stock, no par value; liquidation		
value of \$16.675 per share; 25,000 shares authorized, 18,800		
shares issued and outstanding as of January 31, 2006 and April 30,		
2005 respectively		3
Common stock, \$0.001 par value; 100,000,000 shares		
authorized; 10,435,148 and 10,486,398 shares issued as of January 31, 2006		
and April 30, 2005, respectively; 6,297,648 and 6,315,998 shares		
outstanding as of January 31, 2006 and April 30, 2005		
respectively		
Additional paid in capital		16,0
Accumulated deficit		(19,

Total stockholders' equity (deficit)		\$ (2,08

Total liabilities and stockholders' equity		\$1,6
	=====	

See accompanying notes to these consolidated financial statements

ANZA CAPITAL, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

Three Months Ended		
-----	-----	-----
January 31, 2006	January 31, 2005	January
-----	-----	-----

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Revenues:			
Broker commissions	\$7,501,006	\$11,002,585	\$33
Sales of loans, net	--	(113,980)	
Notary and other	--	186,531	
	-----	-----	-----
	7,501,006	11,075,136	33
	-----	-----	-----
Cost of revenues:			
Cost of mortgage related revenues	6,871,008	7,389,173	25
Notary and other	--	152,302	
	-----	-----	-----
	6,871,008	7,541,475	25
	-----	-----	-----
Gross profit	629,998	3,533,661	8
	-----	-----	-----
Operating expenses:			
General and administrative	786,457	2,384,927	6
Selling and marketing	--	242,343	2
Salaries and Wages	--	1,357,670	
Provision for litigation losses	--	(91,480)	
	-----	-----	-----
	786,457	3,893,460	9
	-----	-----	-----
Operating income (loss)	(156,459)	(359,799)	
Interest expense	5,176	(121,990)	
Interest income	1,657	42,080	
Other income (expenses)	(74,332)	5,053	
Discount on notes payable	--	(7,768)	
Minority interest on income(loss)	--	58,205	
Preferred Stocks Dividend	--	--	
Loss on Disposal of Assets	(110,611)	--	
	-----	-----	-----
Net (loss)	\$ (334,569)	\$ (384,219)	\$ (1
	=====	=====	=====
Earnings (loss) per common share:			
Basic and Diluted:			
Weighted average number of common shares	6,297,648	4,869,896	6
Net loss per common share	(.05)	\$ (0.08)	

See accompanying notes to these consolidated financial statements

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	Nine Months Ended January 31, 2006
Cash flows from operating activities:	
Net loss	\$ (1,344,3
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	40,
Consulting	
Non-cash BCF and interest charges	
Gun-Allen warrants consulting	
Change in minority interest	
Loss on Disposal of Assets	35,
Amortization of discounts on convertible notes	47,
Loss on cancellation of Series G Preferred Stock	281,
Changes in operating assets and liabilities:	
Decrease in commissions and accounts receivable	928,
Decrease (Increase) in loans held for sale, net	5,886,
Decrease in prepaids and other current assets	8,
Increase (Decrease) in accounts payable	33,
(Decrease) Increase in commissions payable	(327,9
Increase (Decrease) in accrued and other liabilities	173,
Net cash provided by (used in) operating activities	5,764,
Cash flows from investing activities:	
Acquisitions of property and equipment	(1,2
Sale of Property and Equipment	7,
Sale of Investments	20,
Other assets, net	
Net cash provided by (used in) investing activities	25,
Cash flows from financing activities:	
Payments on warehouse line of credit, net	(5,778,2
Payments on unsecured line of credit, net	(28,9
Payments on convertible notes payable	(41,3
Proceeds from convertible notes payable	
Issuance of convertible debentures 8%	
Issuance of convertible debentures 10%	
Borrowings from unsecured line of credit	
Loans Payable	
Dividends	(7,5
Net cash (used in) provided by financing activities	(5,856,1

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Net (decrease) increase in cash and cash equivalents	(65,8
Cash and cash equivalent at beginning of period	1,316,

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Cash and cash equivalent at end of period	\$ 1,250,
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Non-cash investing and financing activities:

Minority interest in consolidated subsidiary

Securities exchange agreement

Dividends of Series F Preferred Stock

Cancellation of marketable securities, subject to rescission

Cancellation of redeemable securities, net of discount

Supplemental cash flow information:

Cash paid for interest

Income taxes were not significant during the periods presented

See accompanying notes to these consolidated financial statements

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NOTES TO INTERIM FINANCIAL STATEMENTS

NOTE 1. UNAUDITED INTERIM FINANCIAL STATEMENTS

The interim financial data as of January 31, 2006 is unaudited; however, in the opinion of management, the interim data includes all adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company's consolidated financial position as of January 31, 2006, and the results of their operations and their cash flows for the three and nine months ended January 31, 2006 and 2005. The results of operations are not necessarily indicative of the operations, which may result for the year ending April 30, 2006. Also, in the opinion of management, all disclosures required on Form 10-Q were fully furnished.

ANZA is a holding company with one active subsidiary. All intercompany transactions have been eliminated in the accompanying consolidated financial statements. The Company's annual report on Form 10-K for the year ended April 30, 2005 should be read in connection with this quarterly report.

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Certain prior year amounts have been reclassified for comparative purposes. These reclassifications have no effect on previously reported income or loss.

NOTE 2. GOING CONCERN

In connection with the audit of the consolidated financial statements for the year ended April 30, 2005, the Company received a report from its independent auditors that included an explanatory paragraph describing uncertainty as to the Company's ability to continue as a going concern, which contemplated that assets and liabilities would be settled at amounts in the normal course of business. ANZA incurred a loss from operations during the quarter ended January 31, 2006 and had an accumulated deficit as of January 31, 2006. In addition, AMRES is a defendant in a significant amount of litigation for which the outcome is uncertain. In some cases, losses were covered by insurance. During the quarter, the management of AMRES the only active subsidiary of ANZA has determined that AMRES will not be able to continue its operations and has closed all of the branches.

NOTE 3. SIGNIFICANT CUSTOMER CONCENTRATION

For the nine months ended January 31, 2006 and 2005, three investors accounted for one hundred percent and eighty percent of the purchases of loans held for sale, respectively and accounted for one hundred percent and eighty percent of the revenues from the mortgage banking business, respectively.

NOTE 4. SEGMENT DISCLOSURE

Segments were determined based on services provided by each segment. Performance of the segments is evaluated on net income (loss). For the three and nine months ended January 31, 2006 and 2005, Management has provided the following information with respect to its operating segments (in thousands).

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	Revenues		Three Months Ended January 31	
	2006	2005	Net Loss	2005
	----	----	----	----
Loan brokering	7,501	11,002	(335)	(306)
Mortgage banking	-	(114)	-	(45)
Real Estate Brokerage	-	187	-	(3)
	-----	-----	-----	-----
	7,501	11,075	(335)	(354)
Corporate	-	-	-	(30)
Escrow	-	-	-	-
	-----	-----	-----	-----
Total	7,501	11,075	(335)	(384)
	=====	=====	=====	=====

Nine Months Ended January 31, 2006

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	Revenues		Net Loss	
	2006	2005	2006	2005
	----	----	----	----
Loan brokering	33,331	36,345	(1,133)	(693)
Mortgage banking	31	166	(211)	26
Real Estate Brokerage	0	593	-	(1)
	-----	-----	-----	-----
	33,362	37,104	(1,344)	(668)
Corporate				(981)
Escrow	170	-	-	-
	-----	-----	-----	-----
Total	33,533	37,104	(1,344)	(1,649)
	=====	=====	=====	=====

NOTE 5. IMPACT OF RECENTLY ISSUED ACCOUNTING STATEMENTS

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure" which addresses financial accounting and reporting for recording expenses for the fair value of stock options. SFAS 148 provides alternative methods of transition for a voluntary change to fair value-based method of accounting for stock-based employee compensation. Additionally, SFAS 148 requires more prominent and more frequent disclosures in financial statements about the effects of stock-based compensation. ANZA has elected to continue to apply the intrinsic value-based method of accounting as allowed by APB 25 for employee stock-based compensation. The disclosure effects of SFAS 148 are not significant to ANZA and no grants were made to employees during the nine months ended January 31, 2006 and January 31, 2005.

In May 2003, the FASB issued Statement of Financial Accounting Standard No. 150, "Accounting for Certain Financial Instruments with Characteristics of Liabilities and Equity" ("SFAS 150"). SFAS 150 establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. In accordance with SFAS 150, financial instruments that embody obligations for the issuer are required to be classified as liabilities. SFAS 150 shall be effective for financial instruments entered into or modified after May 31, 2003, and otherwise shall be effective at the beginning of the first interim period beginning after June 15, 2003. The Company's implementation of SFAS 150 did not have a material impact on the Company's consolidated financial statements.

In December 2004, the FASB issued Statement of Financial Accounting Standard No. 153, "Exchanges of Nonmonetary Assets," ("SFAS 153") an amendment to Accounting Principle Board Opinion No. 29, "Accounting for Nonmonetary Transactions" ("APB 29"). SFAS 153 eliminates certain differences in the guidance in APB 29 as compared to the guidance contained in standards issued by the International Accounting Standards Board. The amendment to APB 29 eliminates the fair value exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. Such an exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS 153 is effective for nonmonetary asset exchanges occurring in periods beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges occurring in periods beginning after December 16, 2004. Management does not expect adoption of SFAS 153 to have a material impact,

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if any, on the Company's consolidated financial position or results of operations.

In December 2004, the FASB issued Statement of Financial Accounting Standard No. 123(R), "Share-Based Payment" ("SFAS 123(R)"). SFAS 123(R) amends SFAS 123, "Accounting for Stock-Based Compensation", and APB Opinion No. 25, "Accounting for Stock Issued to Employees". SFAS 123(R) requires that the cost of share-based payment transactions (including those with employees and non-employees) be recognized in the financial statements. SFAS 123(R) applies to all share-based payment transactions in which an entity acquires goods or services by issuing (or offering to issue) its shares, share options, or other equity instruments (except for those held by an ESOP) or by incurring liabilities (1) in amounts based (even in part) on the price of the company's shares or other equity instruments, or (2) that require (or may require) settlement by the issuance of a company's shares or other equity instruments. This statement is effective (1) for public companies qualifying as SEC small business issuers, as of the first interim period or fiscal year beginning after December 15, 2005, or (2) for all other public companies, as of the first interim period or fiscal year beginning after June 15, 2005, or (3) for all nonpublic entities, as of the first fiscal year beginning after December 15, 2005. In March 2005, the SEC announced it will permit companies to delay implementation until the beginning of their next fiscal year, instead of the next reporting period. Management has determined that they will adopt SFAS 123(R) as of the beginning of their next fiscal year, and is currently assessing the impact of this statement on its consolidated financial position and results of operations in 2006. In the interim, the Company is continuing to use the intrinsic value method in estimating employee stock compensation expense based on the fair value method of accounting. This method is allowed under SFAS 148, which amended SFAS 123 in December 2002.

In May 2005, the FASB issued Statement of Financial Accounting Standard No. 154, "Accounting Changes and Error Corrections" ("SFAS 154"), that addresses accounting for changes in accounting principle, changes in accounting estimates and changes required by an accounting pronouncement in the instance that the pronouncement does not include specific transition provisions and error correction. SFAS 154 requires retrospective application to prior periods' financial statements of changes in accounting principle and error correction unless impracticable to do so. SFAS 154 states an exception to retrospective application when a change in accounting principle, or the method of applying it, may be inseparable from the effect of a change in accounting estimate. When a change in principle is inseparable from a change in estimate, such as depreciation, amortization or depletion, the change to the financial statements is to be presented in a prospective manner. SFAS 154 and the required disclosures are effective for accounting changes and error corrections in fiscal years beginning after December 15, 2005.

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NOTE 6. LOANS HELD FOR SALE

Loans held for sale consisted of conventional uninsured mortgages originated by the Company, with various interest rates. The mortgage banking operations of AMRES was discontinued as of May 31, 2005 due to non-renewal of the warehouse line of credit. Details of the loans as of January 31, 2006 and April 30, 2005 were as follows:

January 31, 2006

April 30

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(Unaudited)

Loans Range	Number of Loans	Total Loan Amount	Average Interest Rate	Number of Loans	Total Amount
\$20,000 to \$100,000	-	-	-	4	\$ 2,300
\$100,001 to \$200,000	-	-	-	3	4,300
\$200,001 to \$300,000	-	-	-	2	5,300
\$300,001 to \$400,000	-	-	-	1	3,300
Over \$400,000	-	-	-	8	4,300
	-	\$ -		18	\$ 5,900
Deferred Fees net of cost		-			(100)
		\$ -			\$5,800

NOTE7. WAREHOUSE LINE OF CREDIT

The Company maintained a \$10,000,000 warehousing line of credit dated May 20, 2004, which expired on May 31, 2005. The agreement was guaranteed by ANZA and its Chief Executive Officer. In addition, the agreement increased the various ratios and net worth requirements, minimum utilization requirements, and limits the warehouse period from 45 to 60 days depending on the type of loan. The interest rate was adjustable, based upon a published prime rate, plus an additional 0.5% to 2% and was payable monthly. In addition, the Company was required to pay a commitment fee equal to one quarter of 1% (.25%) per annum on the average unused credit limit if the usage of the line falls below 50% of the credit limit on an average basis, calculated monthly. The rate varies depending on the type of loan (conforming or non-conforming) with higher rates on non-conforming loans. The line of credit was collateralized by the loans held for sale. As of May 31, 2005 the Company lost the warehouse line of credit because AMRES could not get the Error and Omissions coverage with the deductible set by the bank's guidelines.

All loans held for sale were sold as of the quarter ended January 31, 2006. The loans were charged the post maturity interest rate of 10.50% therefore creating a negative spread between the interest income collected from the borrower and the interest paid.

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NOTE 8. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	January 31, 2006 (unaudited)	April 30, 2005
Accrued salary and benefits	\$ -	\$ 352,721
Accrued loss contingencies	1,362,533	887,052
Accrued professional fees	316,435	312,500
Accrued interest	-	41,289
	1,678,968	\$ 1,593,562

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NOTE 9. UNSECURED LINE OF CREDIT

AMRES maintains a \$75,000 unsecured line of credit. The line of credit is personally guaranteed by ANZA's chief executive officer. The interest rate is adjustable, based upon a published prime rate, plus an additional 7.75%. As of January 31, 2006, AMRES had \$46,087 outstanding related to this line of credit.

NOTE 10. ISSUANCE OF CONVERTIBLE NOTES AND WARRANTS BY A SUBSIDIARY

On October 11, 2004, AMRES issued a secured convertible note payable totaling \$125,000 to AMRES Holding, LLC, a related party partially owned and controlled by the Company's Chief Executive Officer. The note is secured by substantially all of AMRES' assets. Interest on this note is payable quarterly beginning on January 1, 2005 at 12% per annum, and the note matures on October 11, 2006. The note is convertible into AMRES's common stock at 75% of the average closing bid price for the five days preceding the date of the conversion notice. As additional consideration, the Company issued a warrant to AMRES Holding, LLC to purchase 250,000 shares of AMRES's common stock at \$0.10 per share. The warrant is exercisable at any time between the closing date and a date which is five years from the closing date. AMRES allocated the proceeds of the note to the note and warrants based on their relative fair values, resulting in a discount related to the warrant of \$10,175. The discount is being amortized over the life of the note. As the conversion feature of the note at the time of issuance was beneficial to the holder, AMRES recorded a discount on the note of \$57,413. The discount is being amortized over the term of the note as interest expense. During the quarter ended July 31, 2005, the note was fully repaid, and the unamortized discount of \$17,185 was immediately charged to interest expense.

On January 18, 2005, AMRES issued a convertible note payable to a private investor totaling \$55,000. AMRES received proceeds, net of all costs and fees, in the amount of \$47,980. Interest on this note is payable monthly at 10% per annum, and the note matures on June 15, 2005. The note is convertible into shares of AMRES common stock at 50% of the bid price of AMRES common stock as reported on the Pink Sheet Market for the three trading days immediately preceding the date of the conversion notice. As the conversion feature of the note at the time of issuance was beneficial to the holder, AMRES recorded a discount on the note of \$55,000. The discount is being amortized over the term of the note as interest expense. During the year ended April 30, 2005, \$17,500 of this convertible note payable was converted into 2,000,000 shares of AMRES common stock. The unamortized discount amount of \$7,621 at the time of conversion was immediately charged to interest expense. The convertible note payable matured on June 15, 2005 and the discount was fully amortized on the same day. AMRES is currently in the process of negotiation with the note payable holder on repayment.

On February 10, 2005 AMRES issued convertible notes payable to two private investors totaling \$14,000 and \$14,000. Interest on these notes are payable monthly at 8% per annum, and the notes mature on February 10, 2006. Both notes are immediately convertible into shares of AMRES common stock at a price equal to 50% of the average market price for the last three days prior to the conversion notice. As the conversion features of the notes at the time of issuance were beneficial to the holders, AMRES recorded a discount on the notes of \$14,000 and \$14,000, respectively. The discounts are being amortized over the term of the notes as interest expense. During the year ended April 30, 2005, \$0 and \$4,500, respectively, of these convertible notes payable were converted into 0 and 525,862 shares, respectively, of AMRES common stock. The unamortized

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discount amount of \$0 and \$3,375, respectively, were immediately charged to interest expense. At January 31, 2006, the unamortized discounts amounted to \$3,500 and \$125, respectively, and are reflected as reductions in the convertible notes payable balance.

NOTE 11. EARNINGS (LOSS) PER COMMON SHARE

ANZA presents basic earnings per share ("EPS") and diluted EPS on the face of the consolidated statement of operations. Basic EPS is computed as net income (loss) divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants, and other convertible securities. Dilutive securities, including the Series D Convertible Preferred Stock and the Series F Convertible Preferred Stock, were not included in the computations of loss per share for the three months and nine months ended January 31, 2006 and 2005 since their effects are anti-dilutive.

NOTE 12. STOCKHOLDERS' EQUITY

From time to time, the Company's board of directors authorizes the issuance of common stock. The Company values shares of common stock based on the closing ask price of the securities on the date the directors approve such issuance. In the event the Company issues common stock subject to transferability restrictions under Rule 144 of the Exchange Act of 1933, the Company discounts the closing ask prices by 10% to value its common stock transactions. No such issuances occurred for either period presented.

During the quarter ended July 31, 2005, the company issued a total of 32,900 shares of common stock valued at \$1,760 as a payment of dividends on the Series F convertible preferred stocks.

During the quarter ended July 31, 2005, 51,250 common shares issued to Jeff Hemm were cancelled as a result of the legal settlement. See Note 14 on Contingencies, Settlements and Resolved Matters.

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NOTE 13. OTHER EQUITY TRANSACTIONS

Viking Investments Common Stock Purchase Agreement

On September 19, 2005, the Company entered into a Common Stock Purchase Agreement whereby Vince Rinehart, a shareholder and the Company's sole officer and director ("Rinehart") and AMRES Holding, LLC, a Nevada limited liability company under control of Rinehart ("AMRES Holding") will sell a total combined amount of 10,279,369 shares of the Company's common stock and warrants to purchase a total of 3,450,000 shares of the Company's common stock (the "Securities"), to Viking Investments USA, Inc., a Delaware corporation ("Viking"), on or about December 30, 2005, for an aggregate purchase price of \$375,000. Viking does not bear a related-party relationship to Anza or its management. This agreement was closed on March 3, 2006.

Gaulds Transaction

On September 23, 2005, the Company received a signed Securities Purchase Agreement dated September 16, 2005 from Peter and Irene Gauld (the "Gaulds"), by and between AMRES Holding and the Gaulds, whereby the Gaulds will sell to AMRES Holding, on or about December 30, 2005, warrants to acquire 2,000,000 shares of the Company's common stock in exchange for the total purchase price of \$10,000.

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The Gaulds do not bear a related-party relationship to the Company or its management. These securities were sold to Viking on March 3, 2006, per the terms of the agreement.

Asset Sale Agreement

On September 30, 2005, the Company entered into a Reorganization, Stock and Asset Purchase Agreement by and among the Company and AMRES, on the one hand, and Rinehart and AMRES Holding, on the other hand, whereby the Company will sell substantially all of its assets to AMRES Holding, on or about December 30, 2005, including but not limited to all of the Company's ownership interest in its subsidiary, AMRES, in exchange for (i) the termination by Rinehart, the managing member of AMRES Holding, of that certain Employment Agreement dated June 1, 2001, by and between Rinehart and the Company, including the waiver of \$500,000 in severance thereunder and (ii) the assumption by AMRES of all obligations under that certain real property lease by and between the Company and Fifth Street Properties-DS, LLC. In conjunction with the abovementioned exchange, the following transactions are to occur: (i) the delivery by Rinehart, a shareholder and the sole officer and director of the Company, of his entire ownership interest in the Company, consisting of 988,275 shares of common stock, and 18,800 shares of Series F Convertible Preferred Stock, to Viking; (ii) the delivery by AMRES to Viking of its ownership interest in the Company, consisting of 4,137,500 shares of Company common stock; and (iii) delivery by AMRES Holding of warrants to acquire 250,000 shares of the Company's common stock to Viking. This agreement was closed on March 3, 2006. See Note 16 for detailed final terms.

Series D Preferred Stock and Common Stock Transaction

On September 30, 2005, AMRES Holding entered into a Stock Purchase Agreement with Cranshire Capital, L.P. ("Cranshire"), The dotCom Fund, LLC ("dotCom"), and Keyway Investments, Ltd. ("Keyway") (each a "Seller" and collectively the "Sellers"), whereby the Sellers will sell to AMRES Holding, on or about December 30, 2005, an aggregate of 3,043,945 shares of the Company's common stock, 8,201.5 shares of the Company's Series D Preferred stock, and warrants to purchase 750,000 shares of the Company's common stock, in exchange for the total purchase price of \$125,000. The Sellers do not bear a related-party relationship to Anza or its management. These securities will all be sold to Viking pursuant to the terms of Common Stock Purchase Agreement as reported above. These securities were sold to Viking on March 3, 2006, per the terms of the agreement.

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GunnAllen Transaction

On October 12, 2005, the Company received a signed Securities Purchase Agreement dated September 16, 2005, by and between AMRES Holding and GunnAllen Financial, Inc., a Florida corporation ("GunnAllen"), whereby GunnAllen will sell to AMRES Holding, on or about December 30, 2005, warrants to acquire 450,000 shares of the Company's common stock in exchange for the total purchase price of \$5,000. GunnAllen does not bear a related-party relationship to Anza or its management. These securities were sold to Viking on March 3, 2006, per the terms of the agreement.

NOTE 14. CONTINGENCIES

Indemnifications

On December 9, 2002, the Company received notification from HUD requesting indemnification on up to 23 loans brokered by a former loan officer of the Company. AMRES executed and provided an indemnification agreement to HUD, as requested. On February 13, 2003, HUD notified AMRES that (i) without the loans originated by this particular loan officer, AMRES' default and claim rate would be an acceptable level to HUD, and (ii) as a result of the termination of that loan officer, and the execution of the indemnification agreement, the matter was closed.

During the year ended April 30, 2004, AMRES received two demands for payment from HUD on claims totaling approximately \$170,000. The first demand involved losses on five properties and the second demand involved losses on an additional property. All six properties were part of the original 23 properties referred to above. AMRES carries errors and omissions insurance coverage, however, AMRES received notification from their errors and omissions insurance carrier that their claim for coverage was denied. As a result of this denial, AMRES estimated that their total potential liability under the indemnification agreement is approximately \$300,000.

To date, AMRES received demands for payments in the approximate amount of \$250,000 and has paid all of the outstanding balance except for \$110,000 for which AMRES is requesting a partial credit of \$60,000 from HUD. The \$60,000 represents a surplus that HUD received on the sale of two of the indemnified properties.

In May 2005, HUD conducted another audit of approximately 11 loan files originated by two of the company's branches in Riverside County, California. AMRES recently received the findings from this audit, and while there were various minor discrepancies noted, there were only a few nominal monetary assessments against AMRES .

State Audits

The Company is subject to certain state audits, which are typical in this industry. Often these audits uncover instances of non-compliance with various state licensing requirements. These instances of non-compliance may also translate into a particular state levying a fine or penalty against the Company along with the Company refunding any overpaid fees to the borrower. During the year ended April 30, 2004, the Company resolved actions with the states of Arizona, Kansas, Nevada and Virginia paying settlements totaling \$93,000. The Company believes it is likely that a total of an additional \$25,000 in the accompanying balance sheet as of April 30, 2004, which management believes is sufficient to cover any liability related to the audits. Subsequent to April 30, 2004, the company paid \$145,170 in state and HUD audit settlement.

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In June 2005, the Company was audited by the State of Virginia. The Company received the results of this audit and there were only minor issues raised and nominal fines assessed.

Settlements or Resolved Matters

In November 2003, a former employee filed a lawsuit against the Company, the Chief Executive Officer of the Company, and AMRES. The Complaint alleged breach of contract and fraud arising out of the plaintiff's employment with the Company, and requested damages in excess of \$5,000,000, plus attorney fees,

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interest, penalties, and punitive damages. The trial date was continued until December 6, 2004, but the matter was settled through mediation on November 24, 2004. During the quarter ended July 31, 2005, 51,250 common shares issued to Jeff Hemm were cancelled as a result of the legal settlement. By the terms of the settlement agreement, the amount of the settlement is confidential but the terms were very favorable and resulted in no material impact to the Company.

On June 1, 2004, the Company's subsidiary, American Residential Funding, Inc., AMRES, agreed to settle a claim by a lender who sought recovery on two loans involving alleged misrepresentation by the borrowers. The claims were for amounts of approximately \$200,000. On or about June 1, 2004, AMRES executed a settlement agreement for a total amount of \$120,000, with an initial payment of \$60,000 on June 1, 2004 and subsequent monthly payments of \$10,000 for six months. The \$120,000 is accrued in the financial statements as of April 30, 2004. Subsequent to the quarter ended July 31, 2005, AMRES Company has paid this obligation in full.

During the current fiscal year, a lender requested that AMRES reimburse them for two loans which went into default and were subsequently sold for a \$150,000 loss. The loans were brokered by a branch of the Company. On July 19, 2004, the Company settled with the lender agreeing to make monthly payments of \$10,000 starting on August 1, 2004 until a total of \$138,000 was paid. As of April 30, 2005, the Company had paid \$80,000 related to this settlement, with the balance of \$58,000 included in accrued liabilities in the accompanying consolidated balance sheet. This matter was recently settled without any further financial impact on the Company.

In October 2003, a former employee filed a lawsuit against the Company, the Company's Chief Executive Officer and AMRES. The Complaint alleged breach of contract and fraud arising out of the plaintiff's employment with the Company and requested damages in excess of \$2,000,000, plus attorney fees, interest, penalties, and punitive damages. The trial date was continued until March 2005, but the matter was settled through mediation on February 17, 2005. By the terms of the settlement agreement, the settlement amount is confidential, but the terms were favorable and resulted in no material impact to the Company.

On or about July 3, 2003, AMRES filed a complaint against a former branch manager and filed an Amended Complaint on or about October 16, 2003. The allegations included breach of written contract; intentional and negligent misrepresentation; misappropriation of trade secrets; interference with economic relations; violation of Business & Professions Code 17200; breach of implied covenant of good faith and fair dealing; conversion and conspiracy. The defendant filed a cross-complaint against AMRES alleging that the Company misclassified her employment status and that AMRES was liable for money advanced on its behalf of approximately \$250,000. The entire matter was settled on or about March 4, 2005. The terms of the settlement are confidential but were very favorable and resulted in no material impact to AMRES.

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On December 11, 2003, a competitor of AMRES filed a suit against AMRES alleging intentional interference with contract, conversion and trade name infringement, among other causes of action. The case settled through mediation in June 2005. The settlement agreement imposes a duty of good faith to refer at least one loan per month (on a broker basis) to the plaintiff until \$8M in loan volume has been funded. Since the average loan amount to \$400,000 approximately 20 loans will need to be referred and funded. The agreement does not contain a liquidated damages clause.

On or about May 18, 2004, a former assistant in one of AMRES' branches filed a complaint alleging violations of California Labor Code Sections 202 and 203,

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claiming that the plaintiff was owed back commissions. AMRES believes that this claim lacks merit as the plaintiff was not licensed at the time of her claims and thus not entitled to any commissions by law. This case settled on April 1, 2005 after a mandatory settlement conference. AMRES was not impacted by this settlement.

On or about September 7, 2004, a complaint was filed against AMRES and its Chief Executive Officer alleging fraud, negligent misrepresentation and a promise made without intent to perform. The amount of damages claimed is approximately \$250,000. On March 11, 2005, the Court sustained (without leave to amend) Defendants' Demurrer to plaintiff's Complaint. On May 25, 2005, the Court entered a Judgment of Dismissal of the entire action in the defendant's favor.

In May of 2004 a borrower filed suit against AMRES, a branch manager and an individual, for allegations of fraud amongst other causes of action. The suit alleges that the individual named Paul Robertson deceived the borrowers who were seeking a construction loan to build a house on a vacant lot. The plaintiffs claim that they never received the house or the funds to construct the house and are seeking "compensatory damages exceeding \$75,000" and "punitive damages exceeding \$75,000". The plaintiffs are also seeking "reasonable attorneys' fees and costs. AMRES is defending on the grounds that Robertson was not their agent and to the extent that he and the agent were somehow defrauding borrowers, it was being done outside of the course and scope of any agency relationship with AMRES. AMRES believes that the case lacks merit and is defending vigorously. This case has just recently settled but the company's insurance carrier has indicated that it will be seeking a portion of the \$215,000 it paid towards the settlement as an offset for claims it asserts are uncovered under the company's policy.

On or about September 20, 2004, a Class Action Complaint was filed, alleging AMRES sent unsolicited advertisements to fax machines in violation of TCPA 47USC section 227. AMRES is defending vigorously and also tendered the matter to People's Home Loans (a company owned by a former branch manager of AMRES) for indemnification, as they were responsible for the actions that are subject to the Complaint. AMRES recently received an indication that this matter will be resolved with nominal financial impact to AMRES.

On June 8, 2005 a former consultant of AMRES filed a complaint alleging that AMRES owes him \$125,000 plus attorneys' fees due to a breach of contract. AMRES defended vigorously and filed a Cross-Complaint against the plaintiff, as AMRES believed that the plaintiff fraudulently induced AMRES into entering into the contract in the first place. This matter recently settled, a formal settlement agreement has been executed and dismissals of the complaint and cross-complaint have been filed.

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On June 17, 2005 a Lender filed a Complaint against AMRES alleging \$70,000 in damages resulting from AMRES breaching a repurchase agreement. AMRES vigorously defended the matter and filed a Cross-Complaint against the Lender, the Lender's President and one of the Lender's executives, as AMRES believed that the Cross-Defendants induced AMRES into entering into the repurchase agreement under false pretenses. AMRES also believed that Cross-Defendants should have been forced to return the amounts already paid out by AMRES on the repurchase agreement. The matter has settled and all formal settlement agreements have been executed.

Active Litigation

On January 23, 2004, a former employee filed a claim against AMRES in the

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Superior Court of California, for the County of Orange. The Complaint alleged breach of oral contract, claimed damages arising out of the plaintiff's employment with AMRES, and requested damages in excess of \$50,000 plus attorney fees, interest, penalties and punitive damages. On February 17, 2005, the Court granted the Company's Motion for Summary Adjudication and dismissed all but one

COMMISSION FILE NUMBER O-24512

Adjudication as to the final cause of action and dismissed the case. AMRES believes the Plaintiff may be considering an appeal.

On November 6, 2003, a borrower filed claim against AMRES in the Superior Court of California, City and County of Alameda. Amongst others also named as defendants in this matter, is a former Loan Officer in AMRES' San Francisco Branch Office. The complaint alleges fraudulent inducement of contract, rescission, conversion and negligence. Plaintiff's claim is for a total amount of \$121,000 but AMRES believes that the plaintiff has not shown any viable claim through the discovery process and believes that AMRES will prevail at trial or even at a pretrial motion for Summary Judgment.

In June 2004, an Orange County, California based landlord filed a lawsuit against AMRES. The suit alleges that AMRES a building lease and claims damages for the entire term of the lease through August 2007 of \$886,332. AMRES filed an Answer to the Complaint and a Cross-Complaint against a former Branch Manager and his business associate who signed the lease in question purporting to be officers of the corporation. AMRES believes that this matter lacks merit and is defending vigorously in order to assure that the proper parties be accountable for any damages that are due the plaintiff. AMRES obtained information and believes that the office leases, which are the subject of this litigation, have been re-leased to new tenants and that fact alone significantly reduces any damages to the plaintiff.

On or about July 30, 2004, a borrower filed a complaint against AMRES, alleging violations of Michigan Consumer Protection Act, breach of contract, and intentional infliction of emotional distress. The Company believes that there are third parties that, at the very least, share in the liability to the plaintiff and is vigorously seeking to show same through the formal discovery process.

On or about November 10, 2004 a complaint was filed against AMRES alleging breach of contract and warranty; deceptive trade practices; fraud; conversion; negligence; breach of fiduciary duty; unjust enrichment and conspiracy. The Complaint alleges damages in the approximate amount of \$295,000. AMRES is defending vigorously and has information and belief that there are third parties that will ultimately have liability in this matter and that plaintiff will also be found to share in the liability for its own damages. The plaintiff has expressed an interest in mediating the matter to a resolution.

On or about November 24, 2004, a Class Action case was filed against AMRES, one of its former Branch Managers, and a third party entity, Spectrum Funding Group, Inc., which is operated by said former Branch Manager. The Complaint alleges damages & equitable relief for violations of the California Labor Codes; and California Unfair Business Practices Act. The matter was tendered to the former Branch Manager for indemnification based on his contract with AMRES. AMRES believes that the matter lacks merit and is defending vigorously. AMRES believes that this matter will likely be resolved with a nominal financial impact on AMRES.

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On or about December 15, 2004, a former loan officer filed a complaint against AMRES, alleging Breach of Contract and Conversion. AMRES believes that the matter lacks merit and is defending vigorously. AMRES has had very positive informal negotiations with plaintiff and his counsel and believes that the two sides are very close to resolving this matter without a significant financial impact on AMRES.

On March 31, 2005 a borrower filed a Complaint against AMRES, as well as, an Investor of AMRES and a Company to whom said Investor sold plaintiff's loan. The Complaint alleges Fraud; RESPA (12 U.S.C.A. section 2601 and TILA (15 U.S.C.A. section 1601 and its Regulation Z) violations. Defendants have filed for removal of case to Arbitration and are vigorously defending.

On April 22, 2005 an individual filed a Complaint against AMRES and third parties, alleging counts of fraud, conversion, intentional infliction of emotional distress, (MCPA) MCL 445.901, (CSPA) MCL 445.1822(b), temporary & permanent injunction, breach of fiduciary duty, allegations of MCLA 440.3420 - conversion and negligence. AMRES is defending vigorously and is preparing a motion for summary judgment requesting that the Court dismiss AMRES as it is never closed a transaction for the individual and received no compensation from AMRES that did close a transaction for the individual.

On May 2, 2005 a Lender filed a Complaint against AMRES alleging money agreements between the parties were breached. The Complaint states that plaintiff is owed \$50,531 in monetary damages and attorneys' fees in the amount of \$2,165. AMRES is defending vigorously and believes that it will show that plaintiff is not entitled to any money from AMRES.

On July 26, 2005 a Lender filed a Complaint against AMRES alleging breach of contract, negligence, and negligent misrepresentation. The Complaint alleges damages in excess of \$25,000, punitive damages, attorney's fees, interest and costs. Plaintiff has provided actual damage estimates in the range of \$300,000 to \$350,000. The complaint involves approximately 14 loans that allegedly originated at a former branch of AMRES in Michigan. Although the matter was recently filed, AMRES believes that substantial liability in this case wrests with the plaintiff itself as well as various individuals that were employed by AMRES but were acting outside the course and scope of their employment in relationship to the alleged damages suffered by plaintiff. AMRES recently received a notice that its insurance carrier is denying coverage for this case. AMRES will be appealing the denial while it continues to defend the matter.

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On June 22, 2005, a Class Action Complaint was filed alleging that American Residential Funding unlawfully used a telephone facsimile machine to send at least one (1) unsolicited advertisement (unsolicited fax) defined in and in violation of the TCPA, 47 U.S.C., section 227(a)(4).

On June 28, 2005 a Complaint was filed alleging violations of the following: Truth and Lending, Michigan Credit Services Protection Act, Michigan Home Solicitation Sales Act, Michigan Consumer Protection Act, Mortgage Brokers, Lenders & Servicers Act and Usury.

On September 6, 2005, a Complaint was filed by a Lender alleging breach of contract and negligence as to Defendant AMRES stating that due to misrepresentation or fraud contained in the loan files AMRES has breached the "Lending Agreement" filed a complaint against AMRES. The claim involves alleged deficiencies with as many as 80 loans with alleged damages in the range of \$400,000 to \$450,000. AMRES also received a notice that its insurance carrier is denying coverage for this case. AMRES will be appealing this denial as well.

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AMRES believes that it has valid defenses and is defending the case vigorously.

On September 26, 2005 a complaint alleging breach of contract was filed stating that defendant AMRES breached the terms contained within the AMRES Branch Operating and Management Agreement as follows: failure to provide the necessary qualifications and licensing from the Arizona State Banking Department; failure to provide and maintain qualified responsible individuals to represent AMRES; inability and failure to handle, process, and close residential loans in a timely manner; change of branch lender status without prior notice; charging loan fees which were in excess of the agreed fee structure.

On August 24, 2005 a complaint was filed, alleging unpaid commissions in an amount exceeding \$120,000, as well as, violations of Colorado Wage Statute, CRS section 8-4-109. The Complaint also seeks attorney's fees, penalties and punitive damages, interest and costs pursuant to CRCP 16.1(c). AMRES will be defending the matter vigorously and will be seeking to have the case transferred to California. The contract upon which the Complaint is based provides for the proper venue for such contract claims to be in Orange County, California, where AMRES is based.

NOTE 15. SALE AND DISPOSITION OF ASSETS TO RELATED PARTY

On December 28, 2005, a Warranty bill of Sale was executed which sold certain AMRES assets to AMRES Holding, LLC, a corporation owned by Vincent Rinehart, the CEO of ANZA. The sale resulted in a total loss of \$110,611 to AMRES. The following described chattels and personal properties were included in the sale: 1.) Wells Fargo Bank Savings Account #690-6530787 as of 12-19-05 in the sum of \$125,000.00 pledged as a collateral for Surety Bonds issued by The Hartford Insurance Company, VA; 2) 166,667 shares of stock in M-GAB Development Corp and 166,667 warrant securities as fully described in warrant purchase agreement dated March 8, 2004, all of which have been fully assigned to Seller from Anza Capital, Inc.; 3) complete Nortel Phone system, including all software, numbers and hardware, and which AMRES Holding agrees to assume the lease/purchase contract associated with said system; 4) all websites and URL's owned by AMRES including but not limited to loancomp.com; amres.net; americanresidentialfunding.com; amresdirect.com/net/biz; Fhafunding.com; losangeleshomeloans.com; lasvegashomeloan.com; residentialfunding.com; redcarpetmortgage.com 5) any and all copyright or trademarks seller owns or claims title to, including but not limited to AMRES, American Residential Funding, the "eagle/home in red/white/blue" image, as well as all trademarks rights associated with same; 6) all lawsuits wherein American Residential funding, Inc. is the Plaintiff, including but not limited to: various small claims against Shuler, Rothwell, Qayed, Harding, Henderson, and civil suits against Herrera, Winters, Oreste.

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NOTE 16. COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

On March 3, 2006, we completed the disposition of substantially all of our assets, including but not limited to, all of our ownership interest in our subsidiary, American Residential Funding, Inc., a Nevada corporation ("AMRES") to AMRES Holding, LLC, a Nevada limited liability company ("AMRES Holding") under control of Vince Rinehart, a shareholder and our sole officer and director ("Rinehart"). Effective on September 30, 2005, the disposition was approved by written consent of a majority of our stockholders.

In exchange for substantially all of our assets, including but not limited to, all of our ownership interest in AMRES, (i) Rinehart delivered a majority of his ownership interest in Anza, consisting of 831,375 shares of common stock and

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1,880,000 shares of our common stock acquired upon the conversion of 18,800 shares of Series F Convertible Preferred Stock, to Viking Investments USA, Inc., a Delaware corporation ("Viking"). Rinehart kept 156,900 shares of our common stock; (ii) Rinehart terminated that certain Employment Agreement dated June 1, 2001, by and between Rinehart and Anza; (iii) AMRES assumed all obligations under that certain real property lease by and between Anza and Fifth Street Properties-DS, LLC; (iv) AMRES delivered to Viking its ownership interest in Anza, consisting of 4,137,500 shares of our common stock; and (v) AMRES Holding delivered warrants to acquire 250,000 shares of our common stock to Viking.

The consideration given or received for the assets was determined by arm's length negotiations between all the parties involved.

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

This Form 10-Q report may contain forward-looking statements which involve risks and uncertainties. Such forward-looking statements include, but are not limited to, statements regarding future events and the Company's plans and expectations. The Company's actual results may differ significantly from the results discussed in forward-looking statements as a result of certain factors, including those discussed in the Company's Form 10-K for the period ended April 30, 2005, the Company's 10-Q for the period ended October 31, 2005, and this report. The Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations or any events, conditions or circumstances on which any such statement is based.

OVERVIEW

We are a holding company which currently operates primarily through one (1) active subsidiary.

- o AMERICAN RESIDENTIAL FUNDING, INC., a Nevada Corporation (AMRES) provides home financing through loan brokerage and banking

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Inactive Subsidiaries

- o TITUS REAL ESTATE, LLC, a California limited liability company (TITUS REAL ESTATE) is currently non-operational.
- o BRAVO REALTY.COM, a Nevada Corporation (BRAVO), was a real estate sales company focused solely in California. BRAVO REAL ESTATE SERVICES, INC. (BRAVO REAL ESTATE NETWORK) and Bravo Realty.com were sold in April, 2005.

Discontinued Operations:

- o AMRES DIRECT, INC., formerly Red Carpet Holdings, Inc., was activated in 2004 to focus on direct-to-consumer marketing. The Company has not generated revenue and has incurred minimal expenses.
- o EXPIDOC.COM, a California Corporation (EXPIDOC) arranged for notaries to provide document signing services for lenders across the country. Effective January 31, 2004, we suspended operations at Expidoc. This decision was a result of a sudden shift in customer mix, as Expidoc's largest customer (Ditech.com) ceased using Expidoc

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as a third party provider of notary services.

As shown below, AMRES has consistently provided the majority of our consolidated revenue. The industry in which AMRES operates can be highly volatile and is largely dependent on interest rates.

Percentage of Total Revenues by Service

	% YTD Revenue January 31, 2006 -----	% YTD Revenue January 31, 2005 -----
Loan Brokering	98.88%	97.00%
Mortgage Banking	.12%	1.07%
Real Estate Brokerage	.00	1.93%
Total	100.00 %	100.00 %

CRITICAL ACCOUNTING POLICIES

Anza's consolidated financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States of America ("GAAP"). GAAP requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts reported. These estimates can also affect supplemental information contained in the external disclosures of Anza, including information regarding contingencies, risk and financial condition. Anza believes its use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. Valuations based on estimates are reviewed for reasonableness and conservatism on a consistent basis throughout Anza. Primary areas where financial information of Anza is subject to the use of estimates, assumptions and the application of judgment include losses on loans held for sale and indemnifications associated with loans brokered. In addition, we are subject to litigation in the normal course of business. We assess the probability and financial exposure when determining when a liability for losses should be recorded. In addition, the recoverability of deferred tax assets must be assessed as to whether these assets are likely to be recovered by Anza through future operations. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

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Revenue Recognition

Commissions generated from brokering loans are recognized at the date of settlement. Loan origination fees are deferred and recorded upon the sale of loans to third parties without recourse, and whereby ANZA has no continuing involvement.

Loans Held for Sale

Loans held for sale represent mortgage loans originated and held by AMRES, pending sale, to interim and permanent investors. AMRES sells loans it originates, typically within 30 days of origination, rather than holding them for investment. AMRES sells loans to institutional loan buyers under existing contracts. AMRES sells the servicing rights to its loans at the time it sells those loans. Typically, AMRES sells the loans with limited recourse. This means that, with some exceptions, the Company reduces its exposure to default risk at

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the time it sells the loan, except that it may be required to repurchase the loan if it breaches the representations or warranties that it makes in connection with the sale of the loan, in the event of an early payment default, or if the loan does not comply with the underwriting standards or other requirements of the ultimate investor. In the event AMRES is required to repurchase a loan, management will assess the impact of losses, which results from a repurchased loan. To date, no loans have been repurchased which were originated, funded and sold by AMRES; however, the Company has participated in settlements for damages as a result of default loans. The mortgage banking operations have been discontinued as of May 31, 2005 because of the closure of the warehouse line of credit due to AMRES inability to meet the maximum deductible requirement for the errors and omissions insurance. All loans were sold as of the nine months ended January 31, 2006.

Gains and losses on loans sold are recognized at the time legal title transfers to the investor based upon the difference between the sales proceeds and the basis of the loan sold. Basis in the loans held for sale includes the cost of the loan, less loan and processing fees charged to the borrower, plus certain direct costs. The mortgages are carried at the lower of cost or market as determined by outstanding commitments from investors or current investor yield requirements calculated on the aggregate loan basis. Management evaluates impairment of loans held for sale based on their estimated fair value. If impairment exists, AMRES records a charge to earnings.

Income Taxes

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We review our deferred tax assets for recoverability and establish a valuation allowance based upon historical losses, projected future taxable income and the expected timing of the reversals of existing temporary differences. During the three months ended January 31, 2006 and 2005, we estimated the allowance on net deferred tax assets to be one hundred percent (100%) of the net deferred tax assets.

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RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JANUARY 31, 2006 COMPARED TO THE THREE MONTHS ENDED JANUARY 31, 2005

Introduction

Management's decision to close down operations has caused the decline in revenue, although administrative expenses were reduced because of reduction of personnel and ordering of supplies.

	Quarter Ended January 31, 2006 -----	Quarter Ended January 31, 2005 -----	Dollar Change -----
Revenues	\$7,501,006	\$11,075,136	\$(3,574,130)
Gross Profit %	8.4%	31.9%	N/A
General and Administrative Expenses	786,457	2,384,921	(1,598,464)
Selling and Marketing	-	-	-

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Net Income (Loss) available to common stockholders	(334,569)	(384,219)	49,650
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Revenues

Out of revenues of \$7,501,006 for the quarter ended January 31, 2006, 100.0% were generated from broker commissions, compared to total revenues of \$11,075,136 and revenues from broker commissions of \$11,002,585 or 99.3% for the quarter ended January 31, 2005. Total revenues decreased by \$3,574,130 or (32.27%) for the quarter ended January 31, 2006 compared to the quarter ended January 31, 2005. The decrease in revenues compared to last year directly related to management's decision to discontinue operations in mortgage banking.

AMRES is the only active subsidiary under ANZA and has generated 100% of the revenues this quarter.

Cost of Revenues

Cost of revenues is comprised of salaries to employees along with commissions. Commissions are paid on loans funded. Other costs include other various loan related expenses, such as referral fees, processing fees, underwriting fees, and other miscellaneous fees related to brokered revenues. Cost of revenues decreased by \$670,467 or 8.90%, for the quarter ended January 31, 2006, to \$6,871,008 from \$7,541,475 for the quarter ended January 31, 2005. Notary and other costs associated with Expidoc.com and Bravorealty.com decreased by \$152,303, or 100%. These decreases compared to last year are directly related to the discontinued operations of Expidoc.com and the transfer of ownership of bravorealty.com, while the decrease from last quarter is directly related to an overall decrease in operations and loan volume.

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Consolidated gross profit decreased by \$2,903,663 or 82.17% for the quarter ended January 31, 2006 to \$629,998 from \$3,533,661 for the quarter ended January 31, 2005. The decrease was directly related to the discontinued operation of mortgage banking.

General and Administrative Expenses

General and administrative expenses totaled \$786,457 for the quarter ended January 31, 2006, compared to \$2,384,927 for the quarter ended January 31, 2005. This decrease of \$1,598,470 compared to last year, can be directly attributed to decrease in branch personnel expenses and branch management expenses and reduction of corporate staff.

Selling and Marketing Expense

Selling and marketing expense relates primarily to costs incurred for prospecting activities to obtain new clients (borrowers). These costs include acquiring "leads" which translate into funded loans. There were no selling and marketing expenses for the quarter ended January 31, 2006 compared to \$242,343 in the quarter ended January 31, 2005. The non-incurrence of expense was due to branches closing down and discontinuing of the mortgage banking division of AMRES.

Interest Expense

Interest expense was an adjustment of \$5,176 as of January 31, 2006, compared to \$121,990 as of January 31, 2005. This adjustment was made resulting from reversal of interest accrual. Interest expense is primarily related to

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interest paid on our warehouse line of credit. The line of credit was not renewed upon maturity on May 31, 2005 due to Anza's inability to meet the errors and omissions maximum deductible guideline of the warehouse line provider. The decrease in the interest expense compared to last year was due to the discontinued operations of the mortgage banking division of AMRES.

Income Taxes

Our income taxes have not been material during the periods presented because of utilization of Anza's net operating loss carryforwards for federal income tax reporting purposes. California suspended net operating losses usage for fiscal 2004 and 2005. The Company has no significant current or deferred income tax expense during the periods presented.

Net Income (Loss)

We realized a net loss of \$334,569 for the quarter ended January 31, 2006 compared to a net loss of \$384,219 for the quarter ended January 31, 2005. The decrease compared to last year was due to reduction of costs.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED JANUARY 31, 2006 COMPARED TO THE NINE MONTHS ENDED JANUARY 31, 2005

Introduction

Our revenues, general and administrative expenses, selling and marketing expenses, and net income (loss) for the nine months ended January 31, 2006 and 2005 are as follows:

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	Nine Months Ended January 31, 2006	Nine Months Ended January 31, 2005	Dollar Change
	-----	-----	-----
Revenues	\$33,533,057	\$37,103,864	(\$3,570,807)
Gross Profit %	25.34%	31.3%	N/A
General and Administrative Expenses	6,509,669	7,309,749	(800,080)
Selling and Marketing	2,223,069	1,143,559	1,079,510
Net Income (Loss) available to common stockholders	\$(1,344,365)	\$(1,649,879)	\$305,514

Revenues

Total revenues decreased by \$3,710 for the nine months ended January 31, 2006 as compared to the nine month ended January 31, 2005. Revenues remained relatively flat because of the impact of increased interest rates on our volume of refinancing business, offset by an increased average loan size as a result of increased property values in most regions of the country.

Cost of Revenues

Cost of revenues is comprised of salaries to employees along with

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commissions. Commissions are paid on loans funded. Other costs include other various loan related expenses, such as referral fees, processing fees, underwriting fees, and other miscellaneous fees related to brokered revenues. Cost of revenues decreased by \$446,930 for the nine months ended January 31, 2006 compared to the nine months ended January 31, 2005. These decreases compared to last year are directly related to the discontinued operations of Expidoc.com and the transfer of ownership of Bravorealty.com and closing of branches.

Consolidated gross profit decreased by \$3,123,877 for the nine months ended January 31, 2006 compared to the nine months ended January 31, 2005. The decrease in the gross profit compared to last year was attributable to the decrease in production due to closure of branches.

General and Administrative Expenses

General and administrative expenses decreased by \$800,080 for the nine months ended January 31, 2006 compared to the nine months ended January 31, 2005. This decrease compared to last year can be directly attributed to decrease in branch personnel expenses and branch management expenses and reduction of corporate staff.

Selling and Marketing Expense

Selling and marketing expense relates primarily to costs incurred for prospecting activities to obtain new clients (borrowers). These costs include acquiring "leads" which translate into funded loans. Selling and marketing expenses for the nine months ended January 31, 2006 increased by \$1,079,510 compared to nine months ended January 31, 2005 and this could be attributed in increased marketing to generate more sales.

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Interest Expense

Interest expense increased by \$177,869 for the nine months ended January 31, 2006 as compared to the nine months ended January 31, 2005. Interest expense is primarily related to interest paid on our warehouse line of credit. The line of credit was not renewed upon maturity on May 31, 2005 due to Anza's inability to meet the errors and omissions maximum deductible guideline of the warehouse line provider. The increase in interest expense for the nine months this year was attributed to the amortization of discounts related to Series G Preferred stocks totaling \$281,322.

Income Taxes

Our income taxes have not been material during the periods presented because of utilization of Anza's net operating loss carryforwards for federal income tax reporting purposes. California suspended net operating losses usage for fiscal 2004 and 2005. The Company has no significant current or deferred income tax expense during the periods presented.

Net Income (Loss)

We realized a net loss of \$1,344,365 for the nine months ended January 31, 2006 compared to a net loss of \$1,649,879 for the nine months ended January 31, 2005. The decrease compared to last year was due to reduction of costs.

LIQUIDITY AND CAPITAL RESOURCES

Introduction

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Our cash position remains strong with over \$1.25 million on hand as of January 31, 2006, compared to \$2.3 million as of January 31, 2005. Our current liabilities exceed our current assets by \$2,214,050. However, if our revenues continue to decline and we are unable to offset the declines by shedding overhead costs, our cash balances will decrease noticeably. In addition, any significant changes to our estimates of exposure from contingent liabilities could have a severe adverse effect on our liquidity and capital resources

Cash Flows

Net cash provided by (used in) operating activities was \$5,764,471 for the nine months ended January 31, 2006, compared to \$1,058,192 for the nine months ended January 31, 2005. For the nine months ended January 31, 2006, we recorded a net loss of (\$1,344,365) compared to a net loss of (\$1,649,879) for the nine months ended January 31, 2005. In both periods, the changes in our loans held for sale was the primary contributor to the net cash provided by (used in) operating activities in the amount of \$5,764,471 and \$1,058,192 as of January 31, 2006 and 2005, respectively. In addition, for the current nine months, an increase in accrued liabilities in the amount of \$173,891 and an increase in accounts payable in the amount of \$33,867 were contributors to the cash provided by operating activities.

Net cash (used in) investing activities was \$25,774 for the nine months ended January 31, 2006 compared to cash provided by investing activities of \$1,100 for the nine months ended January 31, 2005. For the nine months ended January 31, 2006, net cash provided by investing activities relates to the sale of property and equipment and investments.

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Net cash provided by (used in) financing activities was (\$5,856,128) and (\$1,018,983) for the nine months ended January 31, 2006 and January 31, 2005, respectively. The most significant contributor to the cash used in financing activities during the nine months ended January 31, 2006, relates primarily to payments on our warehouse line of credit in the amount of \$(5,778,298). During the nine months ended January 31, 2005, the major contributor in the net cash used in financing activities was from payments to advances from our warehouse line of credit.

Liquidity

Our cash on hand at January 31, 2006 amounted to \$1,250,956 and our working capital shortfall was \$2,214,050. Our current obligations consist primarily of liabilities generated in the ordinary course of business. We have no long-term debt which we need to service in the near term.

Interest Rates

We are vulnerable to increases in interest rates. Our business over the past two years has increased due to mortgage refinancings which resulted from declining interest rates. The sub-prime lending market is less vulnerable to increases in interest rates, because interest rates charges to these borrowers is significantly higher and less volatile to changes in interest rates. Significant increases in interest rates could have an adverse impact on our financial condition, results of operations and cash flows.

Seasonality

We experience slow loan production in the months of January through March because of the low number of applications we receive in December and

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January relative to the other months during the year. We historically have incurred losses during the months of February and March because of seasonality.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate movements significantly impact our volume of closed loans and represent the primary component of market risk to us. In a higher interest rate environment, consumer demand for mortgage loans, particularly refinancing of existing mortgages, declines. Interest rate movements affect the interest income earned on loans held for sale, interest expense on the warehouse lines payable, the value of mortgage loans held for sale and ultimately the gain on sale of mortgage loans.

Our primary financial instruments are cash in banks and money market instruments. We do not believe that these instruments are subject to material potential near-term losses in future earnings from reasonably possible near-term changes in market rates or prices. We do not have derivative financial instruments for speculative or trading purposes. We are not currently exposed to any material currency exchange risk.

ITEM 4 CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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We conducted an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of 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 amended, or the Exchange Act, as of January 31, 2006, to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities Exchange Commission's rules and forms, including to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of January 31, 2006, our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weaknesses described below.

In light of the material weaknesses described below, we performed additional analysis and other post-closing procedures to ensure our consolidated financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, we believe that the consolidated financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

A material weakness is a control deficiency (within the meaning of the Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 2) or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Management has identified the following two material weaknesses which have caused management to conclude that, as of January 31, 2006, our disclosure controls and procedures were not effective at the reasonable assurance level:

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1. We were unable to meet our requirements to timely file our Form 10-Q for the quarter ended July 31, 2005 or our Form 10-K for the year ended April 30, 2005. Management evaluated the impact of our inability to timely file periodic reports with the Securities and Exchange Commission on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted in the inability to timely make these filings represented a material weakness.

2. We did not maintain a sufficient complement of finance and accounting personnel with adequate depth and skill in the application of generally accepted accounting principles. In addition, we did not maintain a sufficient complement of finance and accounting personnel to handle the matters necessary to timely file our Form 10-Q for the quarter ended July 31, 2005 or our Form 10-K for the year ended April 30, 2005. Management evaluated the impact of our lack of sufficient finance and accounting personnel on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted in our lack of sufficient personnel represented a material weakness.

To address these material weaknesses, management performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented.

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Remediation of Material Weaknesses

To remediate the material weaknesses in our disclosure controls and procedures identified above, subsequent to April 30, 2005, in addition to working with our independent auditors, we retained a third-party consultant to advise us regarding our financial reporting process.

Changes in Internal Control over Financial Reporting

Except as noted above, there were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

The Irvine Company

In June 2004 a lawsuit was filed against our subsidiary, American Residential Funding, Inc. ("AMRES") by the Irvine Company. The action was filed in the Superior Court of California in the County of Orange, case number

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04CC006842. The suit alleges that AMRES breached a building lease and claims damages for the entire term of the lease through August 2007 of \$886,332.44. AMRES recently filed an Answer to the Complaint and a Cross-Complaint against a former Branch Manager and his business associate who signed the lease in question purporting to be officers of the corporation. AMRES believes that this matter lacks merit and will litigate the case vigorously to hold the proper parties accountable for any damages that are due the plaintiff.

First American Title Insurance

In November 2004, a lawsuit was filed against our subsidiary, American Residential Funding, Inc., by First American Title Insurance in the State of Arkansas, County of Saline, case number CV-2004-875-1. The Complaint alleges breach of contract and warranty, breach of fiduciary duty, unjust enrichment, and conspiracy, and requests damages of \$294,700, plus accrued interest. AMRES filed an Answer and is vigorously defending the action as AMRES believes it lacks merit.

Other Proceedings

On June 8, 2005 a former consultant of the Company filed a complaint alleging that the Company owes him \$125,000 plus attorneys' fees due to a breach of contract. The Company is defending vigorously and has filed a Cross-Complaint against the plaintiff as the Company believes that the plaintiff fraudulently induced the Company into entering into the subject contract. The matter has settled and all formal settlement agreements have been executed.

On June 17, 2005 a Lender filed a Complaint against the Company alleging \$70,000 in damages resulting from the Company breaching a repurchase agreement. The Company is vigorously defending the matter and has filed a Cross-Complaint against the Lender, the Lender's President and one of the Lender's executives as the Company believes that the Cross-Defendants induced the Company into entering into the repurchase agreement under false pretenses. The Company also believes that Cross-Defendants should be forced to return the amounts already paid out by the Company on the repurchase agreement. The matter has settled and all formal settlement agreements have been executed.

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There have been no events which are required to be reported under this Item.

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

There have been no events which are required to be reported under this Item.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There have been no events which are required to be reported under this Item.

ITEM 5 OTHER INFORMATION

On September 19, 2005, we entered into a Common Stock Purchase Agreement whereby Vince Rinehart, a shareholder and our sole officer and director ("Rinehart") and AMRES Holding, LLC, a Nevada limited liability company under control of Rinehart ("AMRES Holding") will sell a total combined amount of approximately 10,379,731 shares of our common stock and warrants to purchase a total of 3,450,000 shares of our common stock (the "Securities"), to Viking Investments USA, Inc., a Delaware corporation ("Viking"), on or about October

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28, 2005, for an aggregate purchase price of \$375,000. Viking does not bear a related-party relationship to Anza or its management. The anticipated closing date has been changed by agreement of the parties to December 30, 2005. This agreement was closed on March 3, 2006.

On September 23, 2005, we received a signed Securities Purchase Agreement dated September 16, 2005 from Peter and Irene Gauld (the "Gaulds"), by and between AMRES Holding and the Gaulds, whereby the Gaulds will sell to AMRES Holding, on or about October 28, 2005, warrants to acquire 2,000,000 shares of common stock of Anza in exchange for the total purchase price of \$10,000. The Gaulds do not bear a related-party relationship to Anza or its management. The anticipated closing date has been changed by agreement of the parties to December 30, 2005. These securities were sold to Viking on March 3, 2006, per the terms of the agreement.

On September 30, 2005, we entered into a Reorganization, Stock and Asset Purchase Agreement by and among Anza and AMRES, on the one hand, and Rinehart and AMRES Holding, on the other hand, whereby we will sell substantially all of our assets to AMRES Holding, on or about November 8, 2005, including but not limited to all of our ownership interest in our subsidiary, AMRES, in exchange for (i) the termination by Rinehart, the managing member of AMRES Holding, of that certain Employment Agreement dated June 1, 2001, by and between Rinehart and the Company, including the waiver of \$500,000 in severance thereunder and (ii) the assumption by AMRES of all obligations under that certain real property lease by and between the Company and Fifth Street Properties-DS, LLC. In conjunction with the abovementioned exchange, the following transactions will occur: (i) the delivery by Rinehart, a shareholder and the sole officer and director of the Company, of his entire ownership interest in the Company, consisting of 988,275 shares of common stock, and 18,800 shares of Series F Convertible Preferred Stock, to Viking; (ii) the delivery by AMRES to Viking of its ownership interest in the Company, consisting of 4,137,500 shares of Company common stock; and (iii) delivery by AMRES Holding of warrants to acquire 250,000 shares of the Company's common stock to Viking. The anticipated closing date has been changed by agreement of the parties to December 30, 2005. This agreement was closed on March 3, 2006. See Note 16 in the consolidated financial statements for detailed final terms.

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On September 30, 2005, AMRES Holding entered into a Stock Purchase Agreement with Cranshire Capital, L.P. ("Cranshire"), The dotCom Fund, LLC ("dotCom"), and Keyway Investments, Ltd. ("Keyway") (each a "Seller" and collectively the "Sellers"), whereby the Sellers will sell to AMRES Holding, on or about November 8, 2005, an aggregate of 3,043,945 shares of our common stock, 8,201.5 shares of our Series D Preferred stock, and warrants to purchase 750,000 shares of our common stock, in exchange for the total purchase price of \$125,000. The anticipated closing date has been changed by agreement of the parties to December 30, 2005. The Sellers do not bear a related-party relationship to Anza or its management. These securities will all be sold to Viking pursuant to the terms of Common Stock Purchase Agreement as reported in our Current Report on Form 8-K dated September 23, 2005. These securities were sold to Viking on March 3, 2006.

Subsequent event

Completion of Acquisition or Disposition of Assets.

On March 3, 2006, we completed the disposition of substantially all of our assets, including but not limited to, all of our ownership interest in our subsidiary, American Residential Funding, Inc., a Nevada corporation ("AMRES")

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to AMRES Holding, LLC, a Nevada limited liability company ("AMRES Holding") under control of Vince Rinehart, a shareholder and our sole officer and director ("Rinehart"). Effective on September 30, 2005, the disposition was approved by written consent of a majority of our stockholders.

In exchange for substantially all of our assets, including but not limited to, all of our ownership interest in AMRES, (i) Rinehart delivered a majority of his ownership interest in Anza, consisting of 831,375 shares of common stock and 1,880,000 shares of our common stock acquired upon the conversion of 18,800 shares of Series F Convertible Preferred Stock, to Viking Investments USA, Inc., a Delaware corporation ("Viking"). Rinehart kept 156,900 shares of our common stock; (ii) Rinehart terminated that certain Employment Agreement dated June 1, 2001, by and between Rinehart and Anza; (iii) AMRES assumed all obligations under that certain real property lease by and between Anza and Fifth Street Properties-DS, LLC; (iv) AMRES delivered to Viking its ownership interest in Anza, consisting of 4,137,500 shares of our common stock; and (v) AMRES Holding delivered warrants to acquire 250,000 shares of our common stock to Viking.

The consideration given or received for the assets was determined by arm's length negotiations between all the parties involved.

ITEM 6 EXHIBITS

(a) Exhibits

3.1(1)	Restated Articles of Incorporation, as filed with the Nevada Secretary of State on April 14, 2003.
3.2(1)	Second Restated Bylaws of Anza Capital, Inc.
4.1(1)	Certificate of Designation for Series D Convertible Preferred Stock
4.2(1)	Certificate of Designation for Series E Convertible Preferred Stock
4.3(1)	Certificate of Designation for Series F Convertible Preferred Stock
4.4(2)	Certificate of Designation of Series G Convertible Preferred Stock
10.1(3)	Common Stock Purchase Agreement dated September 19, 2005.
10.2(3)	Securities Purchase Agreement dated September 16, 2005.
10.3(4)	Reorganization, Stock and Asset Purchase Agreement dated September 30, 2005.
10.4(4)	Stock Purchase Agreement dated September 30, 2005.
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer

- 32.1 Chief Executive Officer Certification
Pursuant to 18 USC, Section 1350, as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley
Act of 2002.
- 32.2 Chief Financial Officer Certification
Pursuant to 18 USC, Section 1350, as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley
Act of 2002.
- (1) Incorporated by reference to our Current Report on Form
8-K dated April 21, 2003 and filed with the Commission
on April 22, 2003.
- (2) Incorporated by reference to our Current Report on Form
8-K dated and filed with the Commission on September 20,
2004.
- (3) Incorporated by reference to our Current Report on Form
8-K dated and filed with the Commission on September 23,
2005.
- (4) Incorporated by reference to our Current Report on Form
8-K dated and filed with the Commission on October 3,
2005.

(b) Reports on Form 8-K

On March 15, 2006, we filed a Current Report on Form 8-K
regarding our closing of our outstanding Stock Purchase Agreements, Securities
Purchase Agreements, and Reorganization, Stock and Asset Purchase Agreements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934,
the registrant has duly caused this report to be signed on its behalf by the
undersigned thereunto duly authorized.

Dated: March 22, 2006

/s/ Li Shaoming

By: Li Shaoming
Its: President, Chairman and Chief
Executive Officer and Director

