ANZA CAPITAL INC
Form 10-K
August 16, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 30, 2004

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________.

Commission file number O-24512

Anza Capital, Inc.
(Exact name of registrant as specified in its charter)

Nevada	**88-1273503**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3200 Bristol Street, Suite 700 **Costa Mesa, CA** (Address of principal executive offices)	**92626** (Zip Code)

Registrant s telephone number, including area code (714) 866-2100

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities to be registered pursuant to Section 12(g) of the Act:

Common Stock, par value $0.001
(Title of class)

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 X No__ .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant s most recently completed second fiscal quarter. $1,466,021 based on $0.452, the average of the closing bid and ask price for the common stock on October 31, 2003.

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 .

Applicable only to corporate issuers

Indicate the number of shares outstanding of each of the issuer s classes of common equity, as of the latest practicable date. As of July 15, 2004, there were 9,756,346 shares of common stock issued and 5,618,846 shares of common stock outstanding.

Documents Incorporated by Reference

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to rule 424(b) or (c) of the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980). None.

ANZA CAPITAL, INC.

TABLE OF CONTENTS

PART I

PART I

This Annual 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 possible or assumed future results of operations of the Company 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. The Company s 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 BUSINESS

Business Overview

We are a holding company which currently operates through six (6) subsidiaries, namely American Residential Funding, Inc., a Nevada corporation (AMRES), ExpiDoc.com, Inc., a California corporation (Expidoc), Titus Real Estate LLC, a California limited liability company (Titus Real Estate), Bravo Realty.com, a Nevada corporation (Bravorealty.com), Bravo Real Estate, Inc. (Bravo Real Estate Network), and AMRES Direct, Inc.

General

Anza Capital, Inc. (ANZA) is a financial services company whose primary subsidiary, American Residential Funding, Inc. (AMRES), provides home financing through loan brokerage and banking. Another subsidiary, Expidoc.com, previously arranged for notaries to perform loan document signing services for lenders, but operations of Expidoc were closed down in January, 2004. Bravo Real Estate Services, Inc. was in the process of launching a real estate brokerage franchise business, but operations have ceased. Bravo Realty.com has had limited operations in the last two years and Titus Real Estate LLC is currently non-operational.

AMRES

Loan Making

AMRES is primarily a loan broker, arranging during the fiscal year ended April 30, 2004 an average of greater than $150,000,000 per month in home loans. AMRES, through its agents in some 125 branches (an average of 1-8 agents in each branch) is licensed in 34 states to originate loans. AMRES has a $10,000,000 warehouse line of credit with which to directly fund loans. Currently, less than 5% of total loan volume is funded this way, although this percentage is expected to increase in future periods. AMRES, through its loan agents, locates prospective borrowers from real estate brokers, home developers, and marketing to the general public. After taking a loan application, AMRES processes the loan package, including obtaining credit and appraisal reports. AMRES then presents the loan to one of approximately 420 approved lenders, who then approve the loan, draw loan documents, and fund the loan. AMRES receives a commission for each brokered loan, less what is paid to each agent.

Loan Standards

Mortgage loans arranged by AMRES are generally loans with fixed or adjustable rates of interest, secured by first mortgages, deeds of trust or security deeds on residential. Generally, mortgage loans having a loan-to-value ratio in excess of 80% will be covered by a Mortgage Insurance Policy, FHA Insurance Policy or VA Guaranty insuring against default of all or a specified portion of the principal amount thereof.

The mortgage loans are generally one-to-four-family mortgage loans, which are permanent loans (as opposed to construction or land development loans) secured by mortgages on non-farm properties, including attached or detached single-family or second/vacation homes, one-to-four-family primary residences and condominiums or other attached dwelling units, including individual condominiums, row houses, townhouses and other separate dwelling units even when located in buildings containing five or more such units. Each mortgage loan may be secured by an owner-occupied primary residence or second/vacation home, or by a non-owner occupied residence. The mortgaged property may be a mobile home.

In general, no mortgage loan is expected to have an original principal balance less than $30,000. While most loans will be less than $700,000, loans of any size may be brokered to unaffiliated third-party mortgage lenders.

Credit, Appraisal and Underwriting Standards

Each mortgage loan must (i) be an FHA-insured or VA-guaranteed loan meeting the credit and underwriting requirements of such agency, or (ii) meet the credit, appraisal and underwriting standards established by the lender for which the loan is brokered or sold. A lender's underwriting standards are intended to evaluate the prospective mortgagor's credit standing and repayment ability, and the value and adequacy of the proposed mortgaged property as collateral. The various lenders underwriting standards generally follow guidelines acceptable to FNMA (Fannie Mae) and FHLMC (Freddie Mac). The lender s underwriting policies may be varied in appropriate cases, especially in sub-prime loans.

Mortgage Software and Technology

AMRES currently uses loan origination software developed by an independent third party. The software allows the routing of pertinent information to the automated underwriting systems employed by Fannie Mae and Freddie Mac, the primary secondary-market purchasers of mortgages, and the automated systems of independent lenders such as IndyMac.

AMRES has developed a fully automated online system to help us better serve our branches. The software allows our branches to upload loans and submit them directly to DU, DO and LP without the use of any third party loan origination software.

Discussion of Other Operations

<u>ExpiDoc — Nationwide Notary Services</u>

ExpiDoc was an Internet-based nationwide notary service that specialized in providing mortgage brokers and bankers with a solution to assist with the final step of the loan process: notarizing signatures of the loan documents. ExpiDoc provided its clients with real-time access to the status of their documents, 24 hours a day, 7 days a week. ExpiDoc's proprietary software executed both the front office notary coordination and the back office administration. During its business period, ExpiDoc employed 5 people, all located in Costa Mesa. In January 2004, due to a sharp decline in demand for its services driven primarily by the decreased business from DiTech.com, we discontinued operations at

ExpiDoc.

Bravorealty.com and Bravo Real Estate, Inc.

Bravorealty.com, which is not affiliated with the now non-operational Bravo Real Estate, Inc. is a real estate brokerage that was incorporated in May 2000 and began operations in January 2001. AMRES owns 69% of Bravorealty.com, with the balance owned by Vincent Rinehart (15%), David Villarreal (15%), and Kevin Gadawski (1%). Bravorealty.com s business model targets real estate agents as its customers and offers 100% commission retention for the agent, while charging a minimal fixed fee per closed transaction. For the year ended April 30, 2003, Bravorealty.com generated approximately $589,000 in gross revenue and netted a loss of approximately $5,000. For the year ended April 30, 2004, gross revenues were $597,902 with a net loss of $22,647.

In 2003, we reviewed the business model of Bravorealty.com and Brave Real Estate, Inc. and determined that a franchise type model for Bravo Real Estate, Inc. would provide us the best opportunity to grow our real estate business quicker and with a higher degree of profitability. As such, during 2003 and 2004 we attempted to launch Bravo Real Estate Network, a franchise-type real estate brokerage division of Bravo Real Estate, Inc. It was anticipated that the majority of the Bravorealty.com agents would be transitioned to Bravo Real Estate Network.

Under our franchise model, Bravo Real Estate, Inc. will collect an initial franchise fee, as well as an ongoing percentage of the gross commissions earned, anticipated to be collected at the closing of escrow on each transaction. In addition, we will also require that a small percentage of each transaction be set aside for target marketing in each specific region (newspaper advertisements, homes for sale brochures, etc.) Initially, we plan to recruit ten agents in each of our target markets, namely Los Angeles/South Bay, San Diego, Orange County, San Fernando Valley, Inland Empire, Bakersfield/Fresno/Sacramento and the Bay area. The startup franchise fee for these agents is estimated to be approximately $4,000. As we increase our agent base beyond these initial agents, we anticipate that the startup franchise fee will increase.

We believe there are many benefits for prospective agents. First the initial franchise fee for a more mature brand name is typically in the range of $25,000. Second, we will be able to offer our prospective agents all of the tools they require to grow their business, including, but not limited to, recruiting and training materials, internet presence through our website (each agent will have their own web page) and high quality selling and marketing brochures which may otherwise be unavailable to them due to the added benefit we offer in purchasing through economies of scale.

Titus Real Estate

Titus Real Estate is the management company of Titus REIT. Titus REIT sold its last property and has distributed the final proceeds to the REIT shareholders, and thus Titus Real Estate is now non-operations.

AMRES Direct, Inc.

AMRES Direct, Inc., formerly Red Carpet Holdings, Inc., was recently activated to focus on direct-to-consumer marketing. The company is obtaining licenses and lenders at this time, and has no revenue or business.

Sales and Marketing

We have marketed and sold our mortgage brokerage services primarily through a direct sales force of loan agents totaling between 20 and 40 persons throughout the year based in Costa Mesa, California, as well as over 525 loan agents at branch locations. We maintain 3 Company-leased offices in Southern California and more than 125 branch offices in 34 states.

Our sales efforts are headquartered primarily in our Costa Mesa, California office. Once a branch is opened, a branch manager supervises a licensed branch office and its employees, and receives all of the profits of that branch, after all relevant expenses and corporate fees have been collected. AMRES provides accounting, licensing, legal, compliance and lender access for each branch, retaining a percentage of commission generated by loan correspondents at each branch. The branch managers must follow all guidelines set forth by AMRES as well as all regulations of various government agencies and in most cases are independently responsible for the expenses incurred at the branch level, including personnel expenses. However, both State and Federal regulations are increasingly shifting various liabilities to AMRES.

Competition

We face intense competition in the origination, brokering and banking of our mortgage loans. Such competition can be expected from banks, savings and loan associations and other entities, including real estate investment trusts. Many of our competitors have significantly more assets and greater financial resources than us. In addition, there may be other competitors that we have not identified. We can make no representations or assurances that there will not be increased competition or that our projections will ever be realized. Competition among companies similar to AMRES that are seeking to acquire or establish branches, continues to intensify.

Proprietary Rights and Licensing

We may rely on a combination of trademark laws, trade secrets, confidentiality procedures and contractual provisions with its employees, consultants and business partners to protect our proprietary rights. We may seek to protect our electronic mortgage product delivery systems, documentation and other written materials under trade secret and copyright laws, which afford only limited protection. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our systems or to obtain and use information that we regard as proprietary. While we are not aware that any of our systems infringe upon the proprietary rights of third parties, there can be no assurance that third parties will not claim infringement by us with respect to current or future products.

In addition, we rely on certain software that we license from third parties, including software that is used in conjunction with our mortgage products delivery systems. There can be no assurance that such firms will remain in business, that they will continue to support their products or that their products will otherwise continue to be available to us on commercially reasonable terms. The loss or inability to maintain any of these software or data licenses could result in delays or cancellations of loans being brokered or banked.

Environmental Matters

We have not been required to perform any investigation or clean up activities, nor have we been subject to any environmental claims. There can be no assurance, however, that this will remain the case in the future.

Trade Names and Service Marks

We devote substantial time, effort, and expense toward developing name recognition and goodwill for our trade names for our operations. We intend to maintain the integrity of our trade names, service marks and other proprietary names against unauthorized use and to protect the licensees use against claims of infringement and unfair competition where circumstances warrant. Failure to defend and protect such trade name and other proprietary names and marks could adversely affect our sales of licenses under such trade name and other proprietary names and marks. We know of no current materially infringing uses. We have filed for trademark protection for the AMRES logo and the American Residential Funding name.

Employees

As of July 15, 2004, we employed a total of approximately 822 persons. Of the total, 55 officers and employees were employed at the principal executive offices of the Company in Costa Mesa, California, all of whom were engaged in Finance and Administration. In addition, we employ approximately 767 individuals through our Branch operations, 216 of which were engaged in loan administration and 551 of which were engaged in loan production. None of our employees is represented by a labor union with respect to his or her employment.

Historical Changes in Business Strategy and Changes in Control

Anza Capital, Inc. (Anza or the Company) was incorporated in the State of Nevada on August 18, 1988 as Solutions, Incorporated. Since that time, we have undergone a series of name changes as follows: Suarro Communications, Inc., e-Net Corporation, e-Net Financial Corp., e-Net.Com Corporation, e-Net Financial.Com Corporation, and finally, effective on January 2, 2002, Anza Capital, Inc.

We have undergone two recapitalizations. In November 1999, our outstanding common stock underwent a two-for-one forward split. Effective in April 2003, (a) our preferred stockholders exchanged their Series A and Series C preferred stock for newly created Series E and Series D preferred stock, respectively, (b) our President exchanged cancelled options and converted debt into common stock and newly created Series F preferred stock, and (c) our common stock underwent a one-for-twenty reverse stock split, resulting in a decrease in our outstanding common stock from 99,350,000 shares to 4,967,500 shares. Please see further discussion of the recapitalization under Recapitalization.

On April 12, 2000, we closed the acquisition of AMRES and Bravo Real Estate. Pursuant to the Amended and Restated Purchase Agreement, we issued 375,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of our common stock to EMB, representing nearly 40% of our then issued and outstanding common stock, paid $1,595,000 cash, and issued a promissory note in the initial amount of $2,405,000, and AMRES and Bravo Real Estate became our wholly owned subsidiaries. As of April 30, 2001, the remaining principal balance of the promissory note was $1,055,000, and the note was cancelled in its entirety effective June 27, 2001, (see discussion of Global Settlement below). AMRES was the acquirer for financial reporting purposes. Since Bravo Real Estate had no operations or net assets, our management determined that a nominal value of $1,000 be attributed to its name. The fair value attributable to the 375,000 (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of our common stock on April 12, 2000 was $3,838,000 based on the fair value of assets acquired. Because the purchase was accounted for as a reverse acquisition, the $4.0 million in cash and notes issued to EMB were treated as a deemed distribution with a charge to our accumulated deficit. On April 12, 2000, James E. Shipley, the former CEO of EMB, was elected our Chairman of the Board of Directors and Vincent Rinehart was elected our President, Chief Executive Officer, and a director. Bravo Real Estate has not sold any franchises and is attempting to become an operating subsidiary.

Mr. Shipley was the CEO, President, and a less than 5% owner of EMB at the time of our acquisition of AMRES and Bravo from EMB. Mr. Shipley resigned as Chairman of EMB and became our Chairman in April 2000 (replacing Mr. Roth as our Chairman), and then resigned as our chairman and one of our officers on December 31, 2000, when Mr. Rinehart became our Chairman.

Mr. Rinehart was never an officer or director of EMB, but was the owner of 100,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of EMB common stock, making him less than a 10% owner of EMB at the time of the sales in April 2000, and continues as one of our officers and directors, as well as an officer of all of our wholly-owned subsidiaries.

On April 12, 2000, in accordance the provisions of the Certificate of Designations, Preferences and Rights of Class B Convertible Preferred Stock, AMRES Holding/Rinehart demanded that its B Preferred be repurchased by us for an aggregate of one million dollars. On April 20, 2000, we agreed with AMRES Holding/Rinehart and Mr. Presta to amend the Titus Purchase Agreement to provide for the return of 100,000 shares of our Class B preferred stock issued to AMRES Holding and Mr. Presta upon the issuance of 50,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of our common stock to them.

On May 24, 2000, Michael Roth and Jean Oliver, the sole remaining officers and directors of prior management, resigned their remaining positions with us. On that date, Mr. Presta, an executive officer and director of Titus Real Estate, was elected as our Secretary and as one of our directors.

Bridge Financing

On June 27, 2001, we entered into an Investment Agreement and related documents with Laguna Pacific Partners, LLP. Under the terms of the agreements, in exchange for $225,000 received by us from Laguna Pacific, we:

(i) executed a promissory note in favor of Laguna Pacific in the principal sum of $200,000, bearing interest at the rate of 7% per annum, secured by all of our assets, and payable on the earlier of nine months from its issuance date or the date our common stock is listed on the NASDAQ Small Cap market. The purpose of this bridge financing was to finance the proposed start-up of Anza Properties and to provide us with working capital;

(ii) executed a Warrant Agreement which entitled Laguna Pacific to acquire up to $225,000 worth of our common stock for the total purchase price of $1.00, calculated at 70% of the closing stock price on the date immediately preceding the exercise date. The issuance of the warrant was negotiated between us and Laguna Pacific.

Other than as set forth above, we have no affiliation with Laguna Pacific or any of their respective officers or directors. Mr. Ehrlich was the general partner of Laguna Pacific and has passed away.

During the year ended April 30, 2002, we repaid an initial $25,000 borrowed from Laguna Pacific. In June 2002, we entered into a Settlement Agreement and General Mutual Release with Laguna Pacific. As consideration under the settlement, we repaid the $200,000 note, 150,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of our common stock, plus accrued interest, and the note and warrants were cancelled.

Subsequent to the Laguna Settlement, a dispute arose regarding whether or not the Laguna Settlement included and consequently canceled the warrants. On October 25, 2002, the board of directors authorized the issuance of 150,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of the Company s common stock upon exercise of the Laguna warrant. The stock was valued at the fair market value on the date the settlement was executed of $0.60 per share, less a 10% reduction based on the Rule 144 restriction. The value of the 150,000 shares issued to Laguna was determined to be $81,000. The value of the warrant immediately prior to the settlement was determined to be equal to the original relative value of the warrant, since no economic changes impacted the value of the warrant since the date of issuance. During the twelve months ended April 30, 2003, management recorded a gain on the settlement as other income in the amount of $51,543.

Formation of Anza Properties, Inc.

Also on June 27, 2001, in transactions related to the agreements with Laguna Pacific, we formed a wholly-owned subsidiary, Anza Properties, Inc., a Nevada corporation (Anza Properties) capitalized with $75,000 from the proceeds of the bridge loan, which:

(i) executed a Bond Term Sheet with us outlining the proposed terms of an offering to raise up to $5,000,000. The purpose of this offering was to obtain capital on behalf of Anza Properties to acquire income producing real estate. This real estate would then provide us with improved cash flow and net worth, on a consolidated basis;

(ii) entered into an Employment Agreement with Thomas Ehrlich beginning 30 days from the date of the agreement and ending upon the earlier to occur of the liquidation of the real estate portfolio to be owned by Anza Properties or the completion of our listing on t he NASDAQ Small Cap market. The Employment Agreement provided for a salary of $20,000 per month, payable only by Anza Properties and specifically not guaranteed by us. Mr. Ehrlich was to serve as Anza Properties Vice President and be a director thereof. In connection with the Employment Agreement, we executed a Stock Option Agreement which entitled Ehrlich to acquire up to 100,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of our common stock at the closing price on the date of the Option Agreement, vesting equally over the 12 months following the date of the Employment Agreement, and exercisable only in the event Anza Properties is successful in raising a minimum of $2,000,000 in a contemplated $5,000,000 bond offering, and the holders thereof converting at least $2,000,000 of the bonds into our equity (any amounts less than $2,000,000 will be applied, pro-rata, to the total options exercisable under the Option Agreement). Mr. Ehrlich was to be involved in the identification of potential investment opportunities, the acquiring of capital, and the operation of Anza Properties;

(iii) entered into a Consulting Agreement with Lawrence W. Horwitz to provide services to Anza Properties. The Consulting Agreement provided for compensation of $20,000 to be paid on its date of execution, and $5,000 per month for 8 months beginning September 1, 2001, guaranteed by us. In addition, we executed a Stock Option Agreement that entitled Horwitz to acquire up to 50,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of our common stock on terms identical to those of Ehrlich, described above. Mr. Horwitz is a licensed California attorney. Mr. Horwitz is providing legal services to us and Anza Properties.

(iv) entered into an Operating Agreement with us concerning the operations of Anza Properties. The Operating Agreement specifies in material part that Vince Rinehart will be the President of Anza Properties, that Mr. Rinehart and Mr. Ehrlich will be the directors, that the signatures of both Mr. Rinehart and Mr. Ehrlich will be required on all checking accounts, and that the assets of Anza Properties cannot be encumbered without the express written consent of Mr. Rinehart and Mr. Ehrlich.

See our Notes to the Consolidated Financial Statements for accounting treatment of options and warrants issued above.

The purpose of Anza Properties was primarily to improve our net worth by acquiring income producing real estate.

Due to the death of Mr. Thomas Ehrlich in March 2002, all operational and fundraising efforts associated with Anza Properties have been permanently discontinued. The Bond Term Sheet, Employment Agreement with Mr. Ehrlich, Stock Option Agreements with Mr. Ehrlich and Horwitz, and Operating Agreement have all been subsequently cancelled. Anza Properties remains our wholly-owned subsidiary.

Global Settlement

As part of the acquisition of AMRES, we were obligated to file a registration statement with the Securities and Exchange Commission for the purpose of registering 375,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of our common stock issued to EMB. Additionally, we were obligated to pay the sum of $4,000,000 under the terms of a promissory note issued to EMB.

In an unrelated transaction, Williams de Broe (Wdb) loaned the sum of $700,000 to EMB, which remained unpaid at the time of the Global Settlement. In connection with a revision of the agreement between EMB and Williams de Broe, our then-chairman (Mr. Shipley) executed a document on our behalf in favor of Williams de Broe, which Williams de Broe believed acted as our guarantee of EMB s obligation. We disputed this assertion.

In order to settle the outstanding disputes among all the parties, on June 26, 2001, we entered into a settlement agreement with EMB Corporation, AMRES Holding LLC, Vincent Rinehart, and Williams de Broe (the Global Settlement). As part of the Global Settlement:

(i) we issued to EMB 75,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of restricted common stock as consideration for EMB s waiver of its registration rights for 375,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of our common stock already held by EMB. The shares were valued at $2.80 (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) per share based on a 10% discount from the closing price on the date of the agreement. We recorded a settlement expense of $229,500 with regard to this issuance. We issued to EMB a promissory note in the principal amount of $103,404, which represents the reduced amount due to EMB by us under a promissory note previously issued in connection with the AMRES acquisition, after giving effect to a principal reduction offset for amounts owed by EMB to Wdb, but which were satisfied by us (see below). The note bears interest at the rate of 10% per annum and is convertible into our common stock;

(ii) we issued to Wdb 150,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of our restricted common stock valued at $459,000 as consideration for Wdb s release of all claims against us arising under our purported guarantee of EMB s obligation to Wdb. The parties agreed that the amount be credited as additional consideration to apply to the EMB notes payable. We received relief of debt to EMB in the amount of $624,766, but do not expect to receive any reimbursement from EMB;

(iii) EMB acknowledges its obligations to pay all outstanding leases covering equipment and/or furniture now in our possession as contemplated by the agreement;

(iv) EMB assigns its rights to all of our note payable totaling $485,446 to AMRES Holdings LLC, owned by Vincent Rinehart. The note bears interest at 10% per annum. This note is convertible into shares of our common stock based on 80% of the closing stock price on the date of the conversion. We assigned a value of approximately $60,681 to the beneficial conversion feature imbedded in this note. The entire principal balance, together with accrued interest, shall be due and payable, in full, on December 15, 2002.

(v) EMB forgave principal and interest totaling $168,006. The balance of $103,404 convertible notes was issued, bearing interest at 10% per annum. On January 17, 2002, AMRES purchased the note, plus $6,291 in accrued interest, from EMB for the sum of $40,000, of which $25,000 was paid immediately and the balance of $15,000 was paid on June 1, 2002.

Termination of Homelife, Inc. Merger Transaction

On October 7, 2002, we issued a press release announcing the execution of a Reorganization Agreement with Homelife, Inc. The Reorganization Agreement requires the approval of each of our common and preferred shareholders. Under the terms of the Agreement, our current management team would have assumed the management responsibilities of the surviving company, which would have consisted of Anza s current assets and subsidiaries and HomeLife s Red Carpet Real Estate trademark and operations.
On February 27, 2003, due to a number of factors including but not limited to changing market conditions, the failure of Homelife to fulfill one or more of its obligations under the agreement, and the extended period of time it would take to complete the reorganization, we notified Homelife of our intent to terminate the Reorganization Agreement. On March 12, 2003, we entered into a Mututal Release Agreement with all the parties to the Agreement which terminated the Reorganization Agreement between the parties.

Recapitalization

In the fourth quarter of the 2003 fiscal year, we underwent a series of transactions, which were undertaken as part of a plan of recapitalizing the Company so as to better position it for growth and acquisitions. In each transaction with the Series A and Series C preferred stockholders, the stockholders exchanged their preferred stock for a new class of preferred stock that the Board of Directors believed was less burdensome to the Company, primarily because of its more favorable conversion provisions. In the transaction involving the exchange of debt, the Company was able to materially reduce its debt load. These transactions, in conjunction with the 1-for-20 reverse stock split that was effective April 21, 2003, are believed by management to have positioned the Company for increased liquidity in its common stock, which will allow the Company to more easily raise capital and engage in acquisitions. The transactions specifically undertaken were:

(a) a Stock Exchange Agreement dated February 28, 2003, by and between Anza Capital, Inc. and Keyway Investments, Ltd. Under the terms of the agreement, Keyway exchanged 4,006 shares of Series C Convertible Preferred Stock for (i) 409,075 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of common stock, (ii) 2,003 shares of newly created Series D Convertible Preferred Stock, and (iii) warrants to acquire 183,168 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of common stock, exercisable for a period of five years, with each one-third at an exercise price of $0.50, $0.75, and $0.90 per share, respectively.

(b) a Stock Exchange Agreement dated February 28, 2003 by and between Anza Capital, Inc. and EURAM Cap Strat. A Fund Limited. Under the terms of the Agreement, EURAM exchanged 4,051 shares of Series C Convertible Preferred Stock for (i) 413,670 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of common stock, (ii) 2,025.5 shares of newly created Series D Convertible Preferred Stock, and (iii) warrants to acquire 185,226 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of common stock, exercisable for a period of five years, with each one-third at an exercise price of $0.50, $0.75, and $0.90 per share, respectively.

(c) a Stock Exchange Agreement dated February 28, 2003 by and between Anza Capital, Inc. and The dotCom Fund, LLC. Under the terms of the agreement, dotCom Fund exchanged 2,195 shares of Series C Convertible Preferred Stock for (i) 224,144 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of Common Stock, (ii) 1,097.5 shares of newly created Series D Convertible Preferred Stock, and (iii) warrants to acquire 100,362 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of common stock, exercisable for a period of five years, with each one-third at an exercise price of $0.50, $0.75, and $0.90 per share, respectively.

(d) a Stock Exchange Agreement dated February 28, 2003 by and between Anza Capital, Inc. and Cranshire Capital, L.P. Under the terms of the agreement, Cranshire exchanged 6,151 shares of Series C Convertible Preferred Stock for (i) 628,113 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of common stock, (ii) 3,075.5 shares of newly created Series D Convertible Preferred Stock, and (iii) warrants to acquire 281,244 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of common stock, exercisable for a period of five years, with each one-third at an exercise price of $0.50, $0.75, and $0.90 per share, respectively.

(e) a Stock Exchange Agreement dated February 28, 2003, by and between Anza Capital, Inc. and Barbara Dunster. Under the terms of the agreement, Dunster exchanged 347,643 shares of Series A Convertible Preferred Stock for 173,822 shares of newly created Series E Convertible Preferred Stock.

(f) a Stock Exchange Agreement dated February 28, 2003, by and between Anza Capital, Inc. and the Staron Family Trust. Under the terms of the agreement, Staron exchanged 86,911 shares of Series A Convertible Preferred Stock for 43,456 shares of newly created Series E Convertible Preferred Stock.

(g) a Debt Exchange Agreement dated February 28, 2003, by and between Anza Capital, Inc. and Vincent Rinehart. Under the terms of the agreement, Rinehart (i) cancelled options to acquire 2,500,000 shares of common stock and (ii) converted an aggregate of $433,489 in principal and interest under a promissory into (y) 300,000 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of common stock, and (z) 18,800 shares of newly created Series F Convertible Preferred Stock.

ITEM 2 PROPERTIES

Our principal place of business is in Costa Mesa, California, where we lease an approximately 18,100 square foot facility for approximately $367,000 per annum (subject to usual and customary adjustments), under a written lease which terminates in June 2008. This location houses our corporate finance, administration, and sales and marketing functions. AMRES leases 1,253 square feet of space at this same facility on a month-to-month basis for $2,631.

AMRES leases additional facilities: Long Beach, California (month-to-month, $3,564 per month); and Riverside, California (term expiring in 2006, $2,599 per month).

All HUD licensed branches, which represent over 13 of the more-than 125 total branches, are required by HUD to have branch expenses paid by AMRES. This is accomplished by using revenues in each AMRES branch bank account. The management agreement between the branch manager and AMRES requires prior approval of any obligations of AMRES exceeding $500. Office rent and similar liabilities are to be month-to-month obligations. In the course of ongoing internal audits, AMRES has found breaches of either AMRES or HUD requirements in the operation of specific branches, and has moved aggressively to take corrective action.

We believe that our current facilities will be adequate to meet our needs, and that we will be able to obtain additional or alternative space when and as needed on acceptable terms.

We may also hold real estate for sale from time to time as a result of our foreclosure on mortgage loans that may become in default. As of April 30, 2004, no such real estate is owned.

ITEM 3 LEGAL PROCEEDINGS

Oaktree Funding

In March 2003, our wholly-owned subsidiary, American Residential Funding, was served with a lawsuit brought by Oaktree Funding Corporation, in the Superior Court of the State of California, County of San Bernardino, case number RCV 070427. Nineteen (19) defendants were named in the action, including AMRES, the appraiser, escrow company, notary public, and borrowers involved in six (6) different loan transactions brokered by AMRES and funded by Oaktree. The Complaint alleged, among other things, that the defendants committed fraud, breach of contract, negligent misrepresentation, RICO violations, and unfair business practices. The Complaint requested damages in excess of $1,500,000, plus attorneys fees, interest, penalties, and punitive damages. On June 14, 2004, we settled this matter and agreed to pay $31,500 and to indemnify Oaktree for up to an additional $15,000 on three (3) of the six (6) properties. We have maintained our cross-complaint and will attempt to recover our losses from the remaining cross-defendants.

Former Employees

In October 2003, a lawsuit was filed against the Company, its wholly-owned subsidiary American Residential Funding, and its Chairman and CEO Vince Rinehart by a former employee Leigh Dimarco in the Superior Court of the State of California, County of Orange, case number 03CC12686. The Complaint alleges breach of contract and fraud arising our of the plaintiff s employment with the Company, and requests damages in excess of $2,000,000, plus attorneys fees, interest, penalties, and punitive damages. We are vigorously defending this lawsuit because we believe it lacks merit. We have answered, discovery is underway, and a trial date has been set for October 18, 2004 in this matter.
In November 2003, a lawsuit was filed against the Company, its wholly-owned subsidiary American Residential Funding, and its Chairman and CEO Vince Rinehart by a former employee Jeff Hemm in the Superior Court of the State of California, County of Orange, case number 03CC13305. The Complaint alleges breach of contract and fraud arising our of the plaintiff s employment with the Company, and requests damages in excess of $5,000,000, plus attorneys fees, interest, penalties, and punitive damages. We are vigorously defending this lawsuit because we believe it lacks merit. We have answered, discovery is underway, and a trial date has been set for November 1, 2004 in this matter.

Re-Opening of Matter with The Department of Housing and Urban Development

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

During the quarter ended January 31, 2004, we received a demand from HUD under the indemnification agreement on two (2) claims, covering six (6) properties, for a total of approximately $170,000. Our errors and omissions insurance carrier denied coverage for this matter. On May 20, 2004, we agreed to make ten (10) monthly payments of $17,025 each to HUD in satisfaction of our obligations under the indemnification agreement.

Other Proceedings

In the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. The aggregate amount of all claims from the various other legal proceedings pending against us is approximately $417,000. In the opinion of our management, other than as set forth herein, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

ITEM 4   SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

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

PART II

ITEM 5 MARKET FOR REGISTRANT S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Our common stock is currently quoted on the OTC Bulletin Board of the National Association of Securities Dealers, Inc., under the symbol AZAC. Our common stock is only traded on a limited or sporadic basis and should not be deemed to constitute an established public trading market. There is no assurance that there will be liquidity in the common stock.

The following table sets forth the high and low bid information for each quarter within the two most recent fiscal years (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003, as provided by the Nasdaq Stock Markets, Inc. The information reflects prices between dealers, and does not include retail markup, markdown, or commission, and may not represent actual transactions.

Fiscal Year Ended April 30,	Period	Bid Prices	
		High	Low
2003	First Quarter	$ 0.90	$ 0.42
	Second Quarter	$ 0.60	$ 0.30
	Third Quarter	$ 1.20	$ 0.30
	Fourth Quarter	$ 0.25	$ 0.015
2004	First Quarter	$ 1.03	$ 0.25
	Second Quarter	$ 0.76	$ 0.25
	Third Quarter	$ 0.48	$ 0.25
	Fourth Quarter	$ 0.30	$ 0.21
2005	First Quarter (through June 30, 2004)	$ 0.21	$ 0.15

The Securities Enforcement and Penny Stock Reform Act of 1990 requires additional disclosure relating to the market for penny stocks in connection with trades in any stock defined as a penny stock. The Commission has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than $5.00 per share, subject to a few exceptions that we do not meet. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated therewith.

Holders

As of July 15, 2004, there were 9,756,346 shares of our common stock issued, and 5,618,846 shares of our common stock outstanding and held by 76 holders of record. As of July 15, 2004, there were 8,201.5 shares of Series D Convertible Preferred Stock outstanding and held by three shareholders of record, and 18,800 shares of Series F Convertible Preferred Stock outstanding and held by one shareholder of record.

Dividend Policy

We have not paid any dividends on our common stock and do not expect to do so in the foreseeable future. We intend to apply our earnings, if any, in expanding our operations and related activities. The payment of cash dividends on our common stock in the future will be at the discretion of the Board of Directors and will depend upon such factors as earnings levels, capital requirements, our financial condition and other factors deemed relevant by the Board of Directors.

Holders of our Series D Convertible Preferred Stock are entitled to receive a 7% annual dividend, payable each calendar quarter. We have the option of paying this dividend in cash, or in common stock at the average of the closing bid price for the last ten trading days of the applicable quarter. On April 30, 2004, we declared a total of 224,386 shares of our common stock as payment of dividends through that date. The shares were issued subsequent to April 30, 2004.

Holders of our Series F Convertible Preferred Stock are entitled to receive a dividend each fiscal quarter equal to 1.75 shares of our common stock for each share of Series F Convertible Preferred Stock. We have the option of paying this dividend in cash based on the closing bid price of our common stock for the last ten trading days of the applicable quarter. On April 30, 2004, we declared a total of 164,500 shares of our common stock as payment of dividends through that date. The shares were issued subsequent to April 30, 2004.

Securities Authorized for Issuance Under Equity Compensation Plans

2000 Stock Compensation Program

In December 1999, our Board of Directors approved the 2000 Stock Compensation Program (the 2000 Plan), as amended. A total of 440,000 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of common stock are reserved for issuance under the 2000 Plan, all of which have been issued. Unless terminated sooner, the 2000 Plan will terminate automatically in December of 2004.

2003 Omnibus Securities Plan

On February 28, 2003, our Board of Directors approved the Anza Capital, Inc. 2003 Omnibus Securities Plan. The Plan offers selected employees, directors, and consultants an opportunity to acquire our common stock, and serves to encourage such persons to remain employed by us and to attract new employees. The plan allows for the award of stock and options, up to 750,000 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of our common stock. On May 1 of each year, the number of shares in the 2003 Securities Plan shall automatically be adjusted to an amount equal to ten percent (10%) of the outstanding stock of the Company on April 30 of the immediately preceding year. On May 4, 2004, pursuant to this provision, our Board of Directors increased the number of shares available under the plan by 936,746 shares. During the fiscal year ended April 30, 2004, we issued 400,000 shares under the plan, and subsequent to the year-end 260,000 of the shares were returned. As of the date of this Annual Report, there are 796,746 shares available for issuance under the plan.

As of April 30, 2004, the plan information for both the 2000 Stock Compensation Program and the 2003 Omnibus Securities Plan is as follows:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	-0-	N/A	536,746
Equity compensation plans not approved by security holders	-0-	N/A	-0-
Total	-0-	N/A	536,746

Recent Sales of Unregistered Securities

On April 30, 2004, we approved the issuance of 224,386 shares of our common stock, restricted in accordance with Rule 144, to the three holders of our Series D Convertible Preferred Stock as payment of dividends due through April 30, 2004. The issuances were exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and shareholders were believed to be accredited and/or sophisticated.

On April 30, 2004, we approved the issuance of 164,500 shares of our common stock, restricted in accordance with Rule 144, to Vincent Rinehart, an officer and director, as payment of dividends through April 30, 2004 on our Series F Convertible Preferred Stock. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the shareholder was accredited.

ITEM 6 SELECTED FINANCIAL DATA

Anza Capital, Inc. For the year ended April 30, (in 000 s)

	2004	2003	2002	2001	2000 (1)
Statement of Operations Data:					
Total revenues	$ 63,059	57,843	26,273	10,991	4,689
Total cost of revenue	48,485	43,208	17,701	7,527	3,411
Gross profit	14,574	14,635	8,572	3,463	1,277
Total operating expenses	15,681	13,718	8,890	9,858	3,059
Operating income (loss)	(1,106)	916	(318)	(6,394)	(1,781)
Income (loss) from continuing operations	(1,183)	736	(454)	(6,573)	(1,796)
Net income (loss)	(1,122)	902	(442)	(6,573)	(1,796)
Net income (loss) per common share from continuing operations	(0.24)	0.27	(0.25)	(0.31)	(0.22)
Net income (loss) per basic common share	(0.23)	0.32	(0.24)	(0.31)	(0.22)
Balance Sheet Data:					
Current assets	$ 7,903	12,871	3,236	1,080	694
Total assets	8,269	13,343	3,775	1,607	4,871
Current liabilities	7,796	11,412	2,921	1,455	3,500
Total liabilities	7,796	11,412	3,330	2,791	3,640
Total stockholders equity (deficit)	473	1,931	445	(1,184)	1,230
Total dividends per common share	-	-	-	-	-

(1) Statement of Operations Data is for the ten months ended April 30, 2000.

ITEM 7 MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under Risk Factors. The following discussion should be read together with our financial statements and the notes to those financial statements included elsewhere in this annual report.

Except for historical information, the materials contained in this Management's Discussion and Analysis are forward-looking (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934) and involve a number of risks and uncertainties. These include the Company's historical losses, the need to manage its growth, general economic downturns, intense competition in the financial services and mortgage banking industries, seasonality of quarterly results, and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission. Although forward-looking statements in this Annual Report reflect the good faith judgment of management, such statements can only be based on facts and factors currently known by the Company. Consequently, forward-looking statements are inherently subject to risks and uncertainties, actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. Readers are urged to carefully review and consider the various disclosures made by the Company in this Annual Report, as an attempt to advise interested parties of the risks and factors that may affect the Company's business, financial condition, and results of operations and prospects.

OVERVIEW

We are a holding company that currently operates primarily through two (2) active subsidiaries.

- American Residential Funding, Inc., a Nevada Corporation (AMRES) provides home financing through loan brokerage and banking.

- Bravo Realty.com, a Nevada Corporation (Bravo), is a real estate sales company focused solely in California. Bravo has had limited operations over the last two years.

Inactive Subsidiaries

- Titus Real Estate LLC, a California limited liability company (Titus Real Estate) and Bravo Real Estate Services, Inc. (Bravo Real Estate Network) are currently non-operational.

Discontinued Operations

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 ceased using Expidoc as a third party provider of notary services. Expidoc generated $60,913, $166,000 and $11,943 in net profits during the fiscal years ended April 30, 2004, 2003 and 2002, respectively. We have no plans to recommence business at Expidoc and as such, have classified it as a discontinued operation in the accompanying consolidated financial statements. In addition, during the current fiscal year, we recorded an impairment charge for all unamortized goodwill relating to Expidoc in the amount of $175,247.

Continuing Operations

As shown below, AMRES has consistently generated over 90% of our consolidated revenues. The industry in which AMRES operates is very competitive, and is dependent on a favorable interest-rate environment. Increases in interest rates can have a slowing effect on the number of new and refinance loans.

Percentage of Total Revenues by Service

	% YTD Revenue April 30, 2004	% YTD Revenue April 30, 2003	% YTD Revenue April 30, 2002
Broker Commissions	98.5 %	98.4 %	98.6 %
Real Estate Services	1.0 %	.6%	.2%
Sale of Loans	.5 %	.1.0%	1.2%
Total	100 %	100 %	100 %

The Mortgage Banking Association expects a decline in refinancing to $434 billion in 2004 versus $2.19 trillion in 2003. Brokerage activities are greatly influenced by changes in interest rates and comprise substantially all of the revenues of AMRES. As rates appear to have bottomed in late June 2003, AMRES has seen a significant drop in loan applications for refinancing compared to prior periods. Refinancing currently accounts for about 64% of our total loan production. This, coupled with seasonal declines, is the primary reason for our revenue declines in recent quarters when compared to prior periods.

During the year ended April 30, 2004, we suffered net losses of $1,122,663 versus net income of $902,392during the year ended April 30, 2003. Loan production in our highest month of July 2003 totaled 1,394 loans. With loan production currently around 750 loans per month (as of April 2004), and without the effect of offsetting measures, business may drop to an estimated 600 loans per month or lower.

We have slowed down the number of new branch additions due to an increase in quality standards, minimum volume requirements, and State preferences. At April 30, 2004, our branch count is approximately 121, down from approximately 200 at April 30, 2003. We continue to monitor all of our branches for probation and possible termination to continually ensure that we are focusing our resources on the most productive branches. AMRES has been fortunate to lure loan production officers from our competitors. As the mortgage industry contracts, AMRES will attempt to attract additional branches, production and staff from other firms in the industry. While our net worth does not allow any major acquisition efforts, we have made various contacts in our industry soliciting referrals of new business.

As we continue to experience a significant slow down in the refinance business, and if we are unsuccessful in the business initiatives described above to expand our sources of revenue, we are prepared to take immediate actions to reduce our cost structure. If our total loan volume continues to decline, we will need fewer personnel to carry out the functions needed to support the loan process. Specifically, we would further reduce headcount in such areas as compliance, accounting and marketing. We are prepared to reduce our operating expenses by as much as 25%, if conditions warrant. If we are unable to generate additional sources of revenue, our results will continue to fluctuate and it may be difficult for us to curtail losses from operations. AMRES is establishing various business initiatives to reduce its reliance on the refinancing market. These initiatives include:

- Expanding its mortgage banking operations, with emphasis on sub-prime lending, as there is a higher level of profitability delivered from banking these loans compared to brokering these loans. This initiative includes establishing a wholesale operation, which would allow AMRES to fund loans brokered by other companies.

- Building strategic alliances with other business models such as loan lead generators, builders, labor unions, realtors and trade associations.

- Promoting more direct-to-consumer lending, through marketing, with products that are less sensitive to fluctuations in interest rates, such as home equity loans, construction loans and sub-prime loans. Areas we will explore for expansion include Loancomp.com, maxrelo.com, builder business, Lending Tree and joint ventures with other sources of loans such as debt counselors, realtor associations and affinity groups.

- Continuing to solicit new branches to join our network, especially those branch operations that are purchase-home sensitive.

- Reducing operating costs through efficiencies generated by new software and operating systems.

These initiatives are not without risk. During the first quarter of the current year, AMRES mortgage banking operations sold 38 loans, incurring a loss of approximately $134,000. The loss incurred on these loans was a result of a sudden increase in interest rates prior to our committing the loans for sale, and the mix of prime and sub-prime loans funded during the period. The Company had a higher mix of prime loans than anticipated. Prime loans generally are less profitable than sub-prime loans and, as a result, losses were incurred. During the twelve months ended April 30, 2004, AMRES mortgage banking operations sold 249 loans, netting a gain of approximately $319,000. We do have in place guaranteed contracts in which we can pre-sell loans funded on our line. These guaranteed contracts are only valid provided we lock a rate and complete all funding procedures required prior to the rate lock expiration.

We have experienced a slow-down in business during the last several quarters, compared to the previous quarters. We have reduced our headcount for non-commissioned personnel since April 30, 2003 by an amount in excess of 50 individuals, in an effort to reduce our labor and overhead. This reduction relates primarily to contract workers and temporary employees.

In addition, we will continually monitor our branch performance, closing under-producing branches to help control our expenses. If implemented, these measures should offset any potential decline in revenues from loans brokered. However, should we experience significant and rapid declines in loan volume; it is unlikely that our cost containment measures will be able to completely offset the impact of the potential lost revenue.

The AMRES mortgage banking platform, which will allow the transformation from predominately a mortgage broker to a banker, is currently closing approximately $8,000,000 loans monthly, versus over approximately $150,000,000 in brokered loans monthly for AMRES as a whole. This increase in banking, if managed properly, could allow profitable operations at lower levels of volume. AMRES mortgage banking currently has a staff of eight (8), and is expanding as quickly as loan volume permits, and as quality control and additional experienced employees allow. It is anticipated that monthly loan production could increase to $30,000,000 in six months, when seasonal revenues are higher. Warehouse lines to fund loans are currently at $10,000,000 with First Collateral Services, and new and experienced senior management is currently in place. AMRES mortgage banking has established relationships with several investors to purchase our funded loans, including IndyMac Bank, Countrywide Funding, and others. AMRES purchased software (DataTrack) to manage the mortgage banking process, as well as software to provide our branches with automated underwriting (LoanScore). At present, the Company is not in compliance with restrictive covenants and the minimum net worth requirements of the credit facility, and is deemed in technical default. No demand for repayment of the loan has been presented to the Company. Accordingly, the line of credit is classified as a current liability.

AMRES recently established a corporate managed direct to consumer loan production division (AMRES DIRECT). The corporate loan officers and processors are purchasing Internet leads from proven providers such as LendingTree.com. This division will attempt to generate loans directly from consumers through various marketing initiatives and association with strategic affinity groups, such as financial planners. This division is still in the early stages of its development and it is too early to predict our likelihood of success in increasing our loan production through this division.

We expect we may incur additional expenses from State compliance audits, loans brokered with recourse back to AMRES, and unpaid branch liabilities. While we believe we have set aside adequate reserves for these issues, there are no guarantees, due to the very high volume of past loans.

Loans Held for Sale

Mortgage 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 hold them for investment. AMRES sells loans to institutional loan buyers under an existing contract. AMRES sells the servicing rights to its loans at the time it sells those loans. At the time a loan is sold, AMRES has no continuing interest since servicing rights are transferred at the time of sale in accordance with paragraph 5 of SFAS 140 Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities . Recourse provisions generally relate to first payment defaults, or breach of representations and warranties, or fraud, with respect to the loans sold. The recourse provision, because of its very brief term (30 days), is not practical to value in accordance with paragraph 6 of SFAS 140, since the value is minimal. In the event AMRES management becomes aware of a default, the financial asset and liability are reinstated and an assessment of the impact of losses is made.

Fair Value of Assets Acquired and Liabilities Assumed In Purchase Combinations and Review for Impairments

The purchase combinations we evaluate and complete require us to estimate the fair value of the assets acquired and liabilities assumed in the combinations. These estimates of fair value may be based on independent appraisal or our business plan for the entities acquired including planned redundancies, restructuring, use of assets acquired and assumptions as to the ultimate resolution of obligations assumed for which no future benefit will be received. Should actual use of assets or resolution of obligations differ from our estimates, revisions to the estimated fair values would be required. If a change in estimate occurs after one year of the acquisition, the change would be recorded in our statement of operations.

Valuation of Long-Lived and Intangible Assets

The recoverability of these assets requires considerable judgment and is evaluated on an annual basis or more frequently if events or circumstances indicate that the assets may be impaired. As it relates to goodwill and indefinite life intangible assets, we apply the impairment rules in accordance with SFAS No. 142. As required by SFAS No. 142, the recoverability of these assets is subject to a fair value assessment, which includes several significant judgments regarding financial projections and comparable market values. As it relates to definite life intangible assets, we apply the impairment rules as required by SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets which also requires significant judgment and assumptions related to the expected future cash flows attributable to the intangible asset. The impact of modifying any of these assumptions can have a significant impact on the estimate of fair value and, thus, the recoverability of the asset. During the year ended April 30, 2004, we recorded impairments of Expidoc s goodwill in the amount of $175,247 because the business was discontinued and management does not believe there is a significant residual or terminal value to the entity.

21

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 years ended April 30, 2004 and 2003, we estimated the allowance on net deferred tax assets to be one hundred percent (100%) of the net deferred tax assets.

RESULTS OF OPERATIONS FOR THE TWELVE MONTHS ENDED APRIL 30, 2004 COMPARED TO THE TWELVE MONTHS ENDED APRIL 30, 2003

Introduction

Interest rates have continued to put downward pressure on revenues. Our cost containment measures have been unable to fully offset the impact of our reduced revenues. We have incurred significant non-cash expenses related to the permanent impairment of goodwill during the years ended April 30, 2004 of $195,247and April 30, 2003 of $150,000. In addition, we continue to incur costs and expenses relating to contingencies for on-going legal claims.

	Year Ended April 30, 2004	Year Ended April 30, 2003	Dollar Change	% Change
Revenues	$ 63,059,520	$ 57,843,518	$ 5,216,002	9.0%
Gross Profit %	23.1%	25.3%	N/A	(2.6)%
G&A Expenses	12,863,232	10,486,962	2,376,270	22.7%
Selling and Marketing	2,201,119	2,859,830	(658,711)	(23.0)%
Discontinued Operations	60,913	166,000	(105,087)	(63.3)%
Net Income (Loss)	(1,122,663)	902,392	(2,025,055)	(224.4)%

Revenues

Revenues increased by $5,216,002, or 9% for the year ended April 30, 2004, compared to the year ended April 30, 2003. The increase in revenues is directly related to changing interest rates during the comparable twelve month periods. Sequentially, our revenues increased by more than $3.0 million from the quarter ended January 31, 2004 to the quarter ended April 30, 2004. This halted a trend of two consecutive quarters of declining revenues. The threats of rising interest rates was likely the largest contributor as many consumers want to either purchase a new home, or refinance their current home prior to the projected upturn in interest rates. As interest rates rise, the refinance market declines, shifting a greater percentage of the potential borrowers to those whom are purchasing a residence. Management believes that continued increases in interest rates could slow the growth ANZA had been experiencing in prior fiscal years.

Bravorealty.com continues to generate only modest revenue, $600,000 for the year ended April 30, 2004, and is operating at near break-even. Management continues to evaluate the business model for our real estate services. Without a significant shift in the model and potential additional capital outlay, Bravo Realty is not expected to provide significant revenue or profitability in future periods.

Costs of Revenues

Costs of revenues are 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, underwriter fees, and other miscellaneous fees related to brokered revenues. Costs of Revenues increased by $5,294,759 or 12.4%, for the year ended April 30, 2004, to $47,933,581 from $42,698,822 for the year ended April 30, 2003. Other costs associated with Bravorealty.com increased by $41,857, or 8.2% due to a slightly higher volume of real estate transactions closed during the current year.

Consolidated gross profit decreased by $60,614, or 0.4% for the year ended April 30, 2004 to $14,574,488 from $14,635,102 for the year ended April 30, 2003. As a percentage of revenue, the gross profit decreased by approximately 2.6%. The decrease is attributable to a change in overall spending by the net branch operations based on the recent slow down in the refinance market. After the corporate fee is paid from every dollar earned by a net branch, the remaining amount is ultimately paid out in the form of commissions or general and administrative expenses (office rents, compensation for office personnel, etc). Many of our net branches expanded their operations in early fiscal year 2004 to keep up with the large refinance business. In recent months, less expansion has taken place and more of the earned dollars have been ultimately paid out as commission.

General and Administrative Expenses

General and administrative expenses totaled $12,863,232 for the year ended April 30, 2004, compared to $10,486,962 for the year ended April 30, 2003. This increase of $2,376,270 can be directly attributed to AMRES and the expansion required during the early part of the current year to handle the increased volume of refinancing business.

In recent months, we have continued to reduce headcount in support functions. Should we continue to experience downward pressure on our sources of revenue, we will need to implement additional cost reduction measures in the area of general and administrative personnel. We have already implemented some of these types of cost containment measures by not re-hiring for certain positions that have become open due to terminations or resignations.

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 year ended April 30, 2004 amounted to $2,201,119 compared to $2,859,830 in the prior period. The decrease from the prior year is due to the fact that during the first quarter of the current year, interest rates were at all time lows creating an ample supply of would be borrowers. Thus, proportional to our revenues, we did not have to direct as much funds to selling and marketing expenses to attract clients. We may see increased spending in this area in future periods as the marketplace for a qualified borrower becomes more competitive.

Consulting Expenses

To date, we have funded a portion of our operating costs through the use of common stock paid to outside consultants. For the twelve months ended April 30, 2004, we issued 40,000 shares of stock, incurring costs of approximately $11,200 to consultants related to sales and marketing activities at AMRES. During the twelve months ended April 30, 2003, costs paid in the form of stock to outside consultants totaled approximately $85,400, representing 152,500 shares. The majority of these shares were issued in conjunction with legal services provided by outside legal consultants with regard to the merger transaction we were pursuing with Homelife. In addition, during the year ended April 30, 2003, we issued 199,000 shares at a cost of $84,330 to employees and directors as incentives.

Goodwill Impairment

During the twelve months ended April 30, 2004, we recorded an impairment charge in the amount of $195,247 ($175,247 relating to Expidoc and $20,000 relating to Titus). During the twelve months ended April 30, 2003, we recorded an impairment charge related to Titus in the amount of $150,000 Effective January 31, 2004, all operations at Expidoc have been discontinued, and thus, an impairment charge for all remaining goodwill has been recorded. Similarly, we have recorded an impairment charge for all remaining goodwill of Titus as we believe sufficient time has passed without any activity in terms of parties interested in purchasing Titus in its current state. As of April 30, 2004, all goodwill related to either Titus or Expidoc is considered by management to be impaired and thus has been written down to zero in the consolidated financial statements.

Non-Recurring Settlement Expense / Gain

On October 25, 2002, the board of directors authorized the issuance of 150,000 shares of the Company s common stock upon exercise of the Laguna warrant. The stock was valued at the fair market value on the date the settlement was executed of $0.60 per share, less a 10% reduction based on the Rule 144 restriction. The value of the 150,000 shares issued to Laguna was determined to be $54,000. The original value of warrants was $132,543 and the value of the warrant immediately prior to the settlement was determined to be equal to the original relative value of the warrant, since no economic changes impacted the value of the warrant since the date of issuance. During the twelve months ended April 30, 2003, management recorded a gain on the settlement as other income in the amount of $78,543. There were no non-recurring settlement expenses or gains for the twelve months ended April 30, 2004.

Interest Expense

Interest expense was $37,155 for the year ended April 30, 2004, compared to $146,572 for the year ended April 30, 2003. In the current year, interest expense is primarily related to interest paid on our warehouse line of credit. As of April 30, 2004, we have authorization for $10,000,000 to be drawn against our warehouse line of credit. In prior years, interest expense also included amounts incurred on notes payable and equity transactions outstanding at that time . The Company satisfied the notes payable as part of the recapitalization transaction discussed in the Notes to the consolidated financial statements.

Income Taxes

Our income taxes have not been material during the periods presented because of utilization of ANZA s net operating loss carry-forwards for federal income tax reporting purposes. California suspended net operating losses usage for fiscal 2003 and 2004. In 2003, we deducted losses associated with the LoanNet transactions, as we sold our rights to the shares originally issued for the exchange transaction in February 2000. The loss deduction amounted to approximately $2.1 million. No deferred tax asset was previously recorded for this loss deduction. The Company has no significant current or deferred income tax expense during the periods presented.

Net Loss

We incurred a net loss for the year ended April 30, 2004 in the amount of $1,122,663, or $(0.23) per share compared with a net income of $902,392, or $0.32 per share for the year ended April 30, 2003. The loss experienced during the year ended April 30, 2004 is due to the provision for contingent liabilities related to ongoing lawsuits in the amount of $421,800, increases in general and administrative as discussed above, and impairments of goodwill in the amount of $195,247.

As we continue to experience a significant slow down in the refinance business, and if we are unsuccessful in the business initiatives described above to expand our sources of revenue, we are prepared to take immediate actions to reduce our cost structure. If our total loan volume continues to decline, we will need fewer personnel to carry out the functions needed to support the loan process. Specifically, we would further reduce headcount in such areas as compliance, accounting and marketing. We are prepared to reduce our operating expenses by as much as 25%, if conditions warrant. If we are unable to generate additional sources of revenue, our results will continue to fluctuate and it may be difficult for us to curtail losses from operations. AMRES, in particular, is establishing various business initiatives to reduce its reliance on the refinancing market (as discussed under continuing operations).

Income from Discontinued Operations

Income from discontinued operations amounted to $60,913 for the twelve months ended April 30, 2004, compared to $166,000 for the twelve months ended April 30, 2003. The prior period includes a full twelve months of operating results compared to only nine months of operating results in the current year (operations at Expidoc were suspended during January of 2004). The Company does not expect to incur any costs in future periods relating to the discontinued operations.

RESULTS OF OPERATIONS FOR THE TWELVE MONTHS ENDED APRIL 30, 2003 COMPARED TO THE TWELVE MONTHS ENDED APRIL 30, 2002

Revenues

Revenues increased by $31,569,641, or 120.2%, to $57,843,518 for the year ended April 30, 2003, compared to $26,273,877 for the year ended April 30, 2002. The growth in revenues is primarily attributable to the expansion and growth of AMRES primarily through the brokering of loans. AMRES accounted for over 97% of consolidated revenues for both periods. AMRES, as did most of the mortgage industry, benefited greatly from the decline in interest rates over the last twelve months. Typically, as interest rates fall, the refinance market grows, expanding the market of interested borrowers beyond those borrowing for the purchase of their primary residence. AMRES benefited from this market upturn, as they had the capacity in terms of people and infrastructure to accommodate the additional business. Management believes that a significant increase in interest rates could slow the rapid growth ANZA has experienced over the last two fiscal years.

More significantly, the increase in loan production in the branch program at AMRES was the major contributor to the growth in revenue. AMRES net branch program comprised approximately 200 branches as of April 30, 2003, compared to over 300 branches as of April 30, 2002. We made a concerted effort to close certain net branches that were not producing an adequate volume in monthly loan production. This has allowed us to concentrate our resources on the best performing branches. For the twelve months ended April 30, 2003, the total revenue associated with the Net Branches was approximately $44.6 Million, compared to total revenue associated with the Net Branches of $17.9 Million for the twelve months ended April 30, 2002. The Net Branch program is expected to continue to be a primary growth vehicle in the future. In addition, the mortgage banking division of AMRES is expected to continue its expansion over the next several months, including applying to FannieMae as a seller/servicer.

Bravo Realty became operational in January of 2001. For the twelve months ended April 30, 2003, revenues amounted to $588,562 compared with revenues of $318,825 for the period ending April 30, 2002. Although Bravorealty.com has experienced moderate revenue growth, we have reviewed the current model and have determined that a franchise type model will provide us the best opportunity to grow our real estate business quicker and with a higher degree of profitability. As such, during the upcoming fiscal year, we will be launching Bravo Real Estate Network, a franchise-type real estate brokerage. Startup costs related to the franchise operations are not expected to be significant, and will be paid from the cash generated from our operations. Bravorealty.com will become a non-operating entity.

Revenues from Titus were not material for either period presented. Titus is currently not operating.

Costs and Expenses

Commissions are paid to loan agents on funded loans. Commissions increased by $25,233,701 or 144.5%, for the year ended April 30, 2003, to $42,698,822 from $17,465,121 for the year ended April 30, 2002. This increase is primarily related to the increased revenues discussed above. As a percentage of revenue, the cost of revenue increased by 7.6%, to 75.0% compared to 67.4% for the year ended April 30, 2003 and the year ended April 30, 2002, respectively. This increase is attributable to a higher percentage of total loan volume being closed by the branch operations. We earn a flat percentage on all loans closed within the branch program (.375% of the total loan value, with a minimum fee of $550). By comparison, our split with the corporate branches fluctuates based on the level of monthly commissions, with AMRES earning a higher percentage of the total commission as the monthly revenue increases. Thus, in any period in which there is a larger percentage of revenue growth associated with the net branches, our total commissions expense would tend to be higher as a percentage of revenue. Consulting expenses, associated with Bravorealty.com increased by $269,737, or 84.6%. This increase is directly related to the increase in real estate transactions closed during the year. Consolidated gross profit increased by $6,062,919 or 70.7% for the twelve months ended April 30, 2003 to $14,635,102 from $8,572,183 for the twelve months ended April 30, 2002. This is directly related to the increased revenues discussed above.

General and Administrative Expenses

General and administrative expenses totaled $10,486,962 for the year ended April 30, 2003, compared to $5,969,490 for the year ended April 30, 2002. This increase of $4,517,472 can be attributed primarily to the business growth of the operating subsidiaries, namely AMRES, as additional personnel, office space and other administrative costs are required to handle the expansion.

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 twelve months ended April 30, 2003 amounted to $2,859,830 compared to $2,764,686 in the prior period. The primary reason for the slight increase (with such a significant increase in revenues) is that during the most recent twelve months, interest rates were at such record low points that the pool of borrowers interested in refinancing was abundant, thus helping us limit the amount of funds we had to direct toward acquiring prospective clients compared to our total revenues.

Consulting Expenses

To date, we have funded a portion of our operating costs through the use of common stock paid to outside consultants. During the twelve months ended April 30, 2003, costs paid in the form of stock to outside consultants totaled approximately $85,400, representing 152,500 shares. The majority of these shares were issued in conjunction with legal services provided by outside legal consultants with regard to the merger transaction we were pursuing with Homelife. In addition, we issued 199,000 shares at a cost of $84,330 to employees and directors as incentives. During the twelve months ended April 30, 2002, costs paid in the form of stock to outside consultants totaled approximately $645,550, representing 275,000 shares of common stock. The breakout in terms of types of consulting services performed during the year ended April 30, 2002 is summarized in the Notes to the Consolidated Financial Statements. These costs are included in general and administrative costs on the consolidated statement of operations.

Provision for Loss on Brokered Loans

In March 2003, AMRES was served with a lawsuit brought by Oaktree Funding Corporation. The action relates to six different loan transactions brokered by AMRES and funded by Oaktree. There are several parties named in the action including AMRES, the appraiser, the escrow company, the notary public and the borrower in each transaction. We are vigorously defending the lawsuit as we believe the action lacks merit. However, it is the belief of the Company and of legal counsel that the maximum exposure attributable to this lawsuit is $140,000. The Company has recorded a provision for this amount in the financial statements as of April 30, 2003.

AMRES is named in two other actions which plaintiffs have alleged certain improprieties against certain branch managers. Management is vigorously defending these actions. It is the belief of AMRES management and of legal counsel that the maximum exposure attributable to these lawsuits is $105,000. We have recorded a provision for this amount in the financial statements as of April 30, 2003.

On December 9, 2002, we 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 indemnification agreement, the matter was closed. We carry errors and omissions insurance coverage, which may offset any potential losses, which may be incurred by the Company with respect to these loans. Our insurance carrier has granted representation by counsel to AMRES. As of April 30, 2003, we have accrued $55,000 of expense in the accompanying financial statements to account for the potential deductible we could incur if all of these loans result in losses.

Impairment of Goodwill - Titus Real Estate

In accordance with SFAS 142, goodwill, during the periods presented, was not amortized in accordance with SFAS 142. During the twelve months ended April 30, 2003, we assessed the carrying value of Titus, after a liquidation of assets held by the Titus REIT. Titus has no remaining assets or obligations as of April 30, 2003. We have inquired as to the sale value of Titus, in its current state, and believe that an impairment of the carrying value of Titus is necessary to reduce the estimated proceeds to be received to $20,000. Accordingly, we have recorded an impairment of goodwill in the amount of $150,000 to operations during the twelve months ended April 30, 2003. In addition, we reviewed the carrying value of assets and liabilities related to Titus and determined that further accrued acquisition liabilities in the amount of $80,000 were not paid, and therefore, the Company removed the liabilities through a reduction of the carrying value of goodwill.

Non-Recurring Settlement Expense / Gain

On October 25, 2002, the board of directors authorized the issuance of 150,000 shares of the Company s common stock upon exercise of the Laguna warrant. The stock was valued at the fair market value on the date the settlement was executed of $0.60 per share, less a 10% reduction based on the Rule 144 restriction. The value of the 150,000 shares issued to Laguna was determined to be $54,000. The original value of warrants was $132,543 and the value of the warrant immediately prior to the settlement was determined to be equal to the original relative value of the warrant, since no economic changes impacted the value of the warrant since the date of issuance. During the twelve months ended April 30, 2003, management recorded a gain on the settlement as other income in the amount of $78,543.

As part of the Global settlement in June of 2001, we recorded settlement expense of $61,494 relating to the excess value of shares issued as part of the global settlement compared to the net reduction in debt and interest relief received in the settlement. Further, in August of 2001, we settled a dispute with a former consultant over an investment banking agreement, issuing the former consultant 75,000 shares of our restricted common stock, and canceling 10,000 shares previously issued. The net shares (65,000) were valued at $221,000 or $3.40 per share and charged to expense during the year ended April 30, 2002.

During the twelve months ended April 30, 2002, we had capital lease obligations in default totaling $91,985 that were settled for $35,800. The remaining balance was recognized as a gain of $56,185. We used cash from operations to satisfy these settlements.

On January 17, 2002, American Residential Funding, a subsidiary (AMRES) purchased a note payable by ANZA to a related party in the amount of $103,404 and accrued interest totaling $6,291 for consideration of $40,000 of which $25,000 was tendered. In the consolidation the note payable is eliminated and we recognized a gain of $69,695 from forgiveness of debt. We used cash from operations to satisfy these settlements.

Interest Expense

Interest expense was $146,572 as of April 30, 2003, compared to $179,428 as of April 30, 2002. This decrease is associated with a reduction in the total balance of notes payable during the year, offset somewhat by the amortization of the value ascribed to options issued to Laguna Pacific Partners, LLP as part of the Bridge Financing initiated by ANZA in June of 2002 and by higher average balances on our warehouse line of credit. See the Notes to the Consolidated Financial Statements for discussion of the Warehouse Line Of Credit .

Income Taxes

Our income taxes have not been material during the years presented because of utilization of the Company s net operating loss carryfowards for federal income tax reporting purposes. California suspended net operating losses usage for fiscal 2003 and 2004. In 2003, we deducted losses associated with the LoanNet transactions, as we sold our rights to the shares originally issued for the exchange transaction in February 2000. The loss deduction amounted to approximately $2.1 million. No deferred tax asset was previously recorded for this loss deduction. The Company has no current or deferred income tax expense during the period presented.

Net Income

We achieved a net income for the twelve months ended April 30, 2003 in the amount of $902,392, or $0.32 per basic common share compared with a net loss of $(442,713), or $(0.24) per basic common share for the twelve months ended April 30, 2002. The improved profitability experienced in fiscal 2003 is directly related to the increase in revenues and the reduction in non-cash expenses that have been significant in prior years. For the year ending April 30, 2002, non-cash expense relating to the amortization of the value ascribed to the Laguna warrants, settlement expense recorded as part of the Global settlement and stock paid to consultants amounted to approximately $1,040,244. Net income per basic share for fiscal 2003 amounted to $0.32, each, based on the weighted average shares number of shares outstanding of 2,777,656 during the year, using accounting principles generally accepted in the United States. We issued a significant number of common shares in February 2003 as a result of our recapitalization of our stockholders equity, causing an artificially low number of weighted average shares outstanding. Had we used the actual; number of shares outstanding at April 30, 2003 of 4,829,960 shares, our net income per share would be reduced from $0.32 per share to $0.19 per share.

Discontinued Operations

Net income from discontinued operations amounted to $166,000 for the twelve months ended April 30, 2003, compared to $11,943 for the twelve months ended April 30, 2002. During the fiscal year 2003, the Company had more customers for its notary business compared to the prior year, which resulted in the increased profitability.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows Twelve Months Ended April 30, 2004 Compared to the Twelve Months Ended April 30, 2003

Our cash balance equates to just over $2.2 million on hand as of April 30, 2004. Net cash provided by operating activities was $3,744,043 for the twelve months ended April 30, 2004, compared to $3,962,850 of cash used by operating activities for the twelve months ended April 30, 2003. For the twelve months ended April 30, 2004, we recorded a net loss of $1,122,663 compared to a net profit of $902,392 for the twelve months ended April 30, 2003. In both periods, changes in our loans held for sale was the primary contributor to the net cash provided by or used in operating activities ($3,950,712 provided by decreases in our loans held for sale in the current year compared to $6,531,923 used by increases in our loans held for sale in the prior year). In addition, for the current twelve months, a decrease in commissions and accounts receivable in the amount of $484,509 and an increase in accrued liabilities in the amount of $339,244 were contributors to the cash provided by operating activities. In the prior period, the other major contributor to cash used by operating activities was an increase in our accounts receivable in the amount of $1,184,282.

Net cash used in investing activities was $349,880 and $210,547 for the twelve months ended April 30, 2004 and 2003, respectively. For the twelve months ended April 30, 2004, net cash used in investing activities relates both to the purchase of equipment in the amount of $126,023 and increase in other assets of $73,867. For the prior period, net cash used in investing activities related primarily to purchases of equipment in the amount of $187,668. The increase in equipment in both years was directly related to the increases in AMRES operations. We upgraded our computers and related equipment and purchased software that is used in the mortgage banking operations.

Net cash used in financing activities was $3,945,287 for the twelve months ended April 30, 2004, compared to net cash provided by financing activities in the amount of $6,221,205 for the twelve months ended April 30, 2003. The most significant contributor to the cash used or provided in financing activities during both periods relates primarily to advances and repayments on our warehouse line of credit in the amount of $3,907,344 in net repayments during the current year compared to net advances of $6,469,333 for the twelve months ended April 30, 2003. The warehouse line of credit is secured by first and second trust deed mortgages.

Cash Flows Twelve Months Ended April 30, 2003 Compared to the Twelve Months Ended April 30, 2002

Net cash used in operating activities was $3,962,850 and $184,983 for the twelve months ending April 30, 2003 and 2002, respectively. For the year ended April 30, 2003, we recorded a net profit of $902,392 compared to a net loss of ($442,713) for the twelve months ended April 30, 2002. In the prior year, the value of non-cash expenses relating to the issuance of stock for services and settlements was $775,228 more than such issuances of stock in the current year. In addition, during the twelve months ended April 30, 2003, the value of the loans held for sale increased to $6,531,923 compared to $712,530 in the prior year.

Net cash used in investing activities was $210,547 and $29,024 for the twelve months ended April 30, 2003 and 2002, respectively. For the year ended April 30, 2003, the primary cash used in investing activities related to the purchase of equipment in the amount of $187,688. There were no individually significant sources or uses of funds from investing activities during the twelve months ended April 30, 2002.

Net cash provided by financing activities was $6,221,205 and $828,972 for the years ended April 30, 2003 and April 30, 2002 respectively. The most significant increase in the cash provided by financing activities between the years relates primarily to advances on our warehouse line of credit. For the year ended April 30, 2003, advances on the warehouse line of credit amounted to $6,469,333 compared to $704,034 for the twelve months ended April 30, 2002. The warehouse line of credit is secured by first and second trust deed mortgages.

Liquidity

We incurred losses during the twelve months ended April 30, 2004 in the amount of $1,122,663. Our working capital (current assets in excess of current liabilities) declined from the previous fiscal year, $107,286 at April 30, 2004, which declined from $1,459,162 at April 30, 2003, because of such losses. Our current obligations consist primarily of liabilities generated in the ordinary course of business, accrued estimated liabilities on litigation of $633,500, and our warehouse line of credit. The ultimate amount of loss on outstanding litigation is unknown, however, we have only provided losses on matters which are probable and the amount can be reasonably estimated by management. We have no long-term debt, which we need to service in the near term. We believe we can curtail such losses in the future by focusing on more profitable lending, and by monitoring our costs, however there are no assurances that such losses can be avoided in the near future.

We maintain a warehouse line of credit in the amount of $10,000,000, which is currently in technical default. Maintaining an adequate warehouse line of credit is critical to our growth plans for our mortgage banking operations. As of April 30, 2004, we were in default on our net worth, equity base, and current ratio requirements under the financial loan covenants related to our line of credit. Any significant reduction in the borrowing limits or significant changes in terms could have a negative impact on our ability to expand the mortgage banking operations at the pace and with the degree of profitability we desire. Further, we have traditionally experienced minimal defaults on loans funded through our mortgage banking operations. As we continue to grow this segment of our business, our default rate on these loans may increase. Any significant change in our default rate would have a negative impact on our consolidated financial condition, results of operations and cash flows.

Interest Rates

We are vulnerable to increases in interest rates. Our business over the past two years has increased due to mortgage refinancing which resulted from declining interest rates. Recent increases in interest rates have caused a significant decline in refinancing activity. Interest rates appeared to have stabilized for the near term, noting a decline in long-term rates in March 2004. 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 January through March because of the low number of applications we receive in December and January relative to the other months during the year. We may incur losses during the months of February and March because of seasonality.

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 accounts receivable allowances, and 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. These significant estimates also include our evaluation of impairments of intangible assets (see further discussion below). 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.

ITEM 7A 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 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no events required to be reported by this Item 9.

ITEM 9A CONTROLS AND PROCEDURES

The Company s Chief Executive Officer and Chief Financial Officer (or those persons performing similar functions), after evaluating the effectiveness of the Company s disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended) as of a date within 90 days of the filing of this annual report (the Evaluation Date), have concluded that, as of the Evaluation Date, the Company s disclosure controls and procedures were effective to ensure the timely collection, evaluation and disclosure of information relating to the Company that would potentially be subject to disclosure under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. There were no significant changes in the Company s internal controls or in other factors that could significantly affect the internal controls subsequent to the Evaluation

Date.

PART III

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors and Executive Officers

The following table sets forth the names and ages of our current directors and executive officers, the principal offices and positions held by each person, and the date such person became a director or executive officer. Our executive officers are elected annually by the Board of Directors. The directors serve one year terms until their successors are elected. The executive officers serve terms of one year or until their death, resignation or removal by the Board of Directors. Unless described below, there are no family relationships among any of the directors and officers.

Name	Age	Position(s)
Vincent Rinehart	54	Director, President, Chief Executive Officer, Secretary, and Principal Accounting Officer
L. Wade Svicarovich	59	Director

Vincent Rinehart has been a director and the President and Chief Executive Officer of the Company since April 12, 2000, and its Chairman since January 1, 2001. He also serves in the following capacities: Chairman of the Board, President, and CEO of AMRES (commencing in 1997); Chief Executive Officer of Firstline Mortgage, Inc., a HUD-approved originator of FHA, VA, and Title 1 loans (commencing in 1985); and a director of Firstline Relocation Services, Inc., a three -office enterprise that provides real estate sales, financing, destination, and departure services to Fortune 500 companies (commencing in 1995). Mr. Rinehart received his B.A. in Business Administration from California State University at Long Beach in 1972.

L. Wade Svicarovich has been a director of the Company since April 11, 2003. He has been the President and CEO of Kimlor Mills since 1993. He previously was Senior Vice President at Springs Industries from 1982 to 1993. Mr. Svicarovich attended Cal State Long Beach and served in the U.S. Army from 1965 to 1969, achieving the rank of Captain.

Mr. Scott Presta resigned as an officer and director of the company effective April 1, 2004, and Mr. Ken Arevalo resigned as a director of the company effective July 23, 2004.

To the Company s knowledge, none of the nominees presently serve as directors of public corporations other than Anza Capital, Inc.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers and persons who own more than ten percent of a registered class of the Company's equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than ten percent shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

During the two most recent fiscal years, to the Company s knowledge, the following delinquencies occurred:

Name	No. of Late Reports	No. of Transactions Reported Late	No. of Failures to File
Vincent Rinehart	1	1	-0-
Mitchell P. Kopin (Cranshire Capital, L.P.)	3	3	-0-

Code of Ethics

We have not adopted a written code of ethics, primarily because we believe and understand that our officers and directors adhere to and follow ethical standards without the necessity of a written policy.

Board Meetings and Committees

During the fiscal year ended April 30, 2004, the Board of Directors met on numerous occasions and took written action on numerous other occasions. All the members of the Board attended the meetings. The written actions were by unanimous consent.

On April 11, 2003, an Audit Committee of the Board of Directors was formed. During the fiscal year ended April 30, 2004, the Audit Committee met on one occasion. In accordance with a written charter adopted by the Company s Board of Directors, the Audit Committee assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the Company s financial reporting process, including the system of internal controls. In connection with the audit of our financial statements for the fiscal year ended April 30, 2004, the Audit Committee (i) reviewed and discussed the audited financial statements with management, (ii) discussed with the independent auditors the matters required to be discussed by SAS 61, (iii) received the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1, (iv) discussed with the independent accountant the independent accountant s independence, and (v) made appropriate recommendations to the Company s Board of Directors concerning inclusion of the audited financial statements in the Company s annual report on Form 10-K.

The directors who were members of the Audit Committee are Kenneth Arevalo and L. Wade Svicarovich, both of whom are considered independent directors in accordance with Exchange Act Rule 10A(m)(3). Mr. Arevalo is considered by our Board of Directors to be an audit committee financial expert. Mr. Avevalo resigned as a director and member of the Audit Committee effective July 23, 2004.

On April 11, 2003, a Compensation Committee of the Board of Directors was formed, consisting of Vincent Rinehart and Scott A. Presta. During the fiscal year ended April 30, 2004, the Compensation Committee took action by unanimous written consent on one occasion. Following Mr. Presta s resignation from the Board of Directors effective April 1, 2004, the Compensation Committee was disbanded.

ITEM 11 EXECUTIVE COMPENSATION

Executive Officers and Directors

On June 1, 2001, we entered into an Employment Agreement with Vincent Rinehart. Under the terms of the agreement, we are to pay to Mr. Rinehart a salary equal to $275,000 per year, subject to an annual increase of 10% commencing January 1, 2002, plus an automobile allowance of $1,200 per month and other benefits, including life insurance. The agreement is for a term of 5 years and provides for a severance payment in the amount of $500,000 and immediate vesting of all stock options in the event his employment is terminated for any reason, including cause. Mr. Rinehart s Employment Agreement was ratified by the shareholders of the Company at our 2001 Annual Shareholders Meeting.

2000 Stock Compensation Program

In December 1999, our Board of Directors approved the 2000 Stock Compensation Program (the 2000 Plan), as amended. A total of 440,000 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of common stock are reserved for issuance under the 2000 Plan, all of which have been issued. Unless terminated sooner, the 2000 Plan will terminate automatically in December of 2004.

The 2000 Plan is administered by the Board of Directors. The administrator has the power to determine the individuals to whom options, restricted shares or rights to purchase shares shall be granted, the number of shares or securities subject to each option, restricted share, purchase right or other award, the duration, times and exercisability of each award granted, and the price of any share purchase or exercise price of any option.

Options granted under the 2000 Plan are generally not transferable by the optionee except by will or the laws of descent and distribution, and each option is exercisable, during the lifetime of the optionee, only by the optionee. Options generally must be exercised within 30 days following the end of the optionee's status as an employee or consultant unless extended to 90 days in the discretion of the administrator. Options may be exercised for up to 6 months upon death or disability. However, in no event may an option be exercised later than the earlier of the expiration of the term of the option or five years from the date of the 2000 Plan.

The 2000 Plan may be amended, altered, suspended or terminated by the administrator at any time, but no such amendment, alteration, suspension or termination may adversely affect the terms of any option, restricted share, purchase right or other award previously granted without the consent of the affected participant. Unless terminated sooner, the 2000 Plan will terminate automatically in December of 2004.

2003 Omnibus Securities Plan

On February 28, 2003, our Board of Directors approved the Anza Capital, Inc. 2003 Omnibus Securities Plan. The Plan offers selected employees, directors, and consultants an opportunity to acquire our common stock, and serves to encourage such persons to remain employed by us and to attract new employees. The plan allows for the award of stock and options, up to 750,000 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of our common stock. On May 1 of each year, the number of shares in the 2003 Securities Plan shall automatically be adjusted to an amount equal to ten percent (10%) of the outstanding stock of the Company on April 30 of the immediately preceding year. On May 4, 2004, pursuant to this provision, our Board of Directors increased the number of shares available under the plan by 936,746 shares. During the fiscal year ended April 30, 2004, we issued 40,000 shares under the plan, and subsequent to the year-end an additional 100,000 shares were issued. As of the date of this Annual Report, there are 796,746 shares available for issuance under the plan.

Board Compensation

In November 2002, Scott Presta received 42,500 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of our common stock for past services as a director and for agreeing to stand for re-election as a director, and Kenneth Arevalo and L. Wade Svicarovich each received 25,000 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of common stock for agreeing to stand for election as a director. In connection with his resignation from the Board of Directors on July 23, 2004, Mr. Arevalo returned the 25,000 shares. There are currently no agreements with any of the directors, or director nominees for additional compensation, and the Company does not anticipate paying any additional compensation. Directors of the Company are entitled to reimbursement for their travel expenses. The Company does not pay additional amounts for committee participation or special assignments of the Board of Directors.

Summary Compensation Table

The Summary Compensation Table shows certain compensation information for services rendered in all capacities for the fiscal years ended April 30, 2004, 2003 and 2002. Other than as set forth herein, no executive officer's salary and bonus exceeded $100,000 in any of the applicable years. The following information includes the dollar value of base salaries, bonus awards, the number of stock options granted and certain other compensation (adjusted to reflect the 1-for-20 reverse stock split effective April 21, 2003), if any, whether paid or deferred.

		Annual Compensation			**Long Term Compensation**			
					Awards		**Payouts**	
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Other Annual Compensation ($)**	**Restricted Stock Awards ($)**	**Securities Underlying Options SARs (#)**	**LTIP Payouts ($)**	**All Other Compensation ($)**
Vincent Rinehart	2004	329,452	-0-	14,400	-0-	-0-	-0-	-0-
Pres., CEO,	2003	312,583	5,000	14,400	-0-	-0-	-0-	-0-
Chairman	2002	290,000	5,000	24,000	-0-	125,000	-0-	-0-
Scott A. Presta (1)	2004	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Director	2003	-0-	-0-	-0-	22,950	-0-	-0-	-0-
	2002	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Kenneth Arevalo (2)	2004	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Director	2003	-0-	-0-	-0-	13,500	-0-	-0-	-0-
	2002	-0-	-0-	-0-	-0-	-0-	-0-	-0-
L. Wade Svicarovich	2004	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Director	2003	-0-	-0-	-0-	13,500	-0-	-0-	-0-
	2002	-0-	-0-	-0-	-0-	-0-	-0-	-0-

(1) Mr. Scott Presta resigned as an officer and director of the company effective April 1, 2004.

(2) Mr. Ken Arevalo resigned as a director of the company effective July 23, 2004.

OPTION/SAR GRANTS IN LAST FISCAL YEAR
(Individual Grants)

Name	Number of Securities Underlying Options/SARs Granted (#)	Percent of Total Options/SARs Granted to Employees In Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date
Vincent Rinehart	125,000	100%	N/A	N/A
Scott A. Presta	-0-	N/A	N/A	N/A
Kenneth Arevalo	-0-	N/A	N/A	N/A
L. Wade Svicarovich	-0-	N/A	N/A	N/A

AGGREGATED OPTIONS/SAR EXERCISES IN LAST FISCAL YEAR
AND FY-END OPTION/SAR VALUES

Name	Shares Acquired On Exercise (#)	Value Realized ($)	Number of Unexercised Securities Underlying Options/SARs at FY-End (#) Exercisable/Unexercisable	Value of Unexercised In-The-Money Option/SARs at FY-End ($) Exercisable/Unexercisable
Vincent Rinehart	N/A	N/A	N/A	N/A
Scott A. Presta	N/A	N/A	N/A	N/A
Kenneth Arevalo	N/A	N/A	N/A	N/A
L. Wade Svicarovich	N/A	N/A	N/A	N/A

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of July 15, 2003, certain information with respect to the Company's equity securities owned of record or beneficially by (i) each Officer and Director of the Company; (ii) each person who owns beneficially more than 5% of each class of the Company's outstanding equity securities; and (iii) all Directors and Executive Officers as a group.

COMMON STOCK

Title of Class	Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership	Percent of Class (2)

Common Stock	Vincent Rinehart	2,703,775 (3)	36.1%
Common Stock	L. Wade Svicaravich	25,000	< 1%
Common Stock	Keyway Investments, Ltd. 19 Mount Havlock Douglas, Isle of Man United Kingdom 1M1 2QG	1,518,456 (5)(6)	24.8%
Common Stock	Cranshire Capital, L.P. c/o Downsview Capital, Inc. 666 Dundee Road, Suite 1901 Northbrook, Illinois 60062	909,063 (4)	15.1%
Common Stock	All officers and directors as a group (3 persons)	2,753,775 (3)	36.7%

(1) Unless otherwise noted, the address of each beneficial owner is c/o Anza Capital, Inc., 3200 Bristol Street, Suite 700, Costa Mesa, California 92626.

(2) Unless otherwise indicated, based on 5,618,846 shares of common stock outstanding. Shares of common stock subject to options or warrants currently exercisable, or exercisable within 60 days, are deemed outstanding for purposes of computing the percentage of the person holding such options or warrants, but are not deemed outstanding for purposes of computing the percentage of any other person.

(3) Includes 1,880,000 shares of common stock which may be acquired by Rinehart upon the conversion of 18,800 shares of Series F Convertible Preferred Stock. The shares of Series F Convertible Preferred Stock shall be voted equally with the common stock on all matters submitted to the shareholders, with the holder thereof having that number of votes equal to the number of shares of common stock which may be acquired upon conversion.

(4) Includes 390,004 shares of common stock which may be acquired by Cranshire upon the conversion of 3,075.5 shares of Series D Convertible Preferred Stock. The shares of Series D Convertible Preferred Stock shall be voted equally with the common stock on all matters submitted to the shareholders, with the holder thereof having that number of votes equal to the number of shares of common stock which may be acquired upon conversion.

(5) Includes 510,854 shares of common stock which may be acquired by Keyway upon the conversion of 4,028.5 shares of Series D Convertible Preferred Stock. The shares of Series D Convertible Preferred Stock shall be voted equally with the common stock on all matters submitted to the shareholders, with the holder thereof having that number of votes equal to the number of shares of common stock which may be acquired upon conversion.

(6) Keyway Investments Ltd. has advised us that they beneficially own all of our securities owned of record by EURAM Cap Strat A Fund Limited.

PREFERRED STOCK

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Series D Preferred (1)	Keyway Investments, Ltd. (8) 19 Mount Havlock Douglas, Isle of Man United Kingdom 1M1 2QG	4,028.5	49.1% (2)
Series D Preferred (1)	Cranshire Capital, L.P. c/o Downsview Capital, Inc. 666 Dundee Road, Suite 1901 Northbrook, Illinois 60062	3,075.5	37.5% (2)
Series D Preferred (1)	The dotCom Fund, LLC 666 Dundee Road, Suite 1901 Northbrook, Illinois 60062	1,097.5	13.4% (2)
Series E Preferred (3)	Barbara Dunster 5319 Appian Way Long Beach, California 90242	-0-	0%
Series E Preferred (3)	Staron Family Trust 12139 Julius Avenue Downey, California 90242	-0-	0%
Series F Preferred (4)	Vincent Rinehart c/o Anza Capital, Inc. 3200 Bristol Street, Suite 700 Costa Mesa, California 92626	18,800	100% (5)
	All officers and directors as a group (4 persons)	18,800 (6)	100% (6)

(1) Each share of Series D Convertible Preferred Stock (after giving effect to the 1-for-20 reverse stock split) (i) has a liquidation preference equal to $126.81 per share, (ii) is entitled to receive a quarterly non-cumulative dividend equal to 7% per annum, which may be paid in cash or in common stock at the discretion of the Company based on the average of the closing bid price for the last ten trading days of the applicable quarter, (iii) may be converted, after February 28, 2004, into 126.81 shares of Company common stock at the option of the holder, and (iv) is entitled to 126.81 votes on all matters submitted to the shareholders for approval.

(2) Based on 8,201.5 shares of Series D Convertible Preferred Stock outstanding.

(3) On April 1, 2004, we exercised our right to call all of the outstanding Series E Convertible Preferred Stock.

(4) Each share of Series F Convertible Preferred Stock (after giving effect to the 1-for-20 reverse stock split) (i) has a liquidation preference (after the Series D and Series E Convertible Preferred Stock) equal to $16.675 per share, (ii) is entitled to a quarterly, non-cumulative dividend of 1.75 shares of Company common stock, which may be paid in cash at the Company s discretion based on the average of the closing bid price for the last ten trading days of the applicable quarter, (iii) may be converted, after February 28, 2004, into 100 shares of Company common stock at the option of the holder, and (iv) is entitled to 100 votes on all matters submitted to the shareholders for approval.

(5) Based on 18,800 shares of Series F Convertible Preferred Stock outstanding.

(6) Represents Series F Convertible Preferred Stock only.

(7) Keyway Investments Ltd. has advised us that they beneficially own all of our securities owned of record by EURAM Cap Strat A Fund Limited.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Certain Relationships and Related Transactions

On April 12, 2000, we closed the acquisition of AMRES and Bravo Real Estate. Pursuant to the Amended and Restated Purchase Agreement, we issued 375,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of our common stock to EMB, representing nearly 40% of our then issued and outstanding common stock, paid $1,595,000 cash, and issued a promissory note in the initial amount of $2,405,000, and AMRES and Bravo Real Estate became our wholly owned subsidiaries. As of April 30, 2001, the remaining principal balance of the promissory note was $1,055,000, and the note was cancelled in its entirety effective June 27, 2001, (see discussion of Global Settlement below). AMRES was the acquirer for financial reporting purposes. Since Bravo Real Estate had no operations or net assets, our management determined that a nominal value of $1,000 be attributed to its name. The fair value attributable to the 375,000 (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of our common stock on April 12, 2000 was $3,838,000 based on the fair value of assets acquired. Because the purchase was accounted for as a reverse acquisition, the $4.0 million in cash and notes issued to EMB were treated as a deemed distribution with a charge to our accumulated deficit. On April 12, 2000, James E. Shipley, the former CEO of EMB, was elected our Chairman of the Board of Directors and Vincent Rinehart was elected our President, Chief Executive Officer, and a director. Bravo Real Estate has not sold any franchises and is attempting to become an operating subsidiary.

Mr. Shipley was the CEO, President, and a less than 5% owner of EMB at the time of our acquisition of AMRES and Bravo from EMB. Mr. Shipley resigned as Chairman of EMB and became our Chairman in April 2000 (replacing Mr. Roth as our Chairman), and then resigned as our chairman and one of our officers on December 31, 2000, when Mr. Rinehart became our Chairman.

Mr. Rinehart was never an officer or director of EMB, but was the owner of 100,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of EMB common stock, making him less than a 10% owner of EMB at the time of the sales in April 2000, and continues as one of our officers and directors, as well as an officer of all of our wholly-owned subsidiaries.

On April 12, 2000, in accordance the provisions of the Certificate of Designations, Preferences and Rights of Class B Convertible Preferred Stock, AMRES Holding/Rinehart demanded that its B Preferred be repurchased by us for an aggregate of one million dollars. On April 20, 2000, we agreed with AMRES Holding/Rinehart and Mr. Presta to amend the Titus Purchase Agreement to provide for the return of 100,000 shares of our Class B preferred stock issued to AMRES Holding and Mr. Presta upon the issuance of 50,000 shares (adjusted to reflect the 1-for-20 reverse stock split effective on April 21, 2003) of our common stock to them.

On May 24, 2000, Michael Roth and Jean Oliver, the sole remaining officers and directors of prior management, resigned their remaining positions with us. On that date, Mr. Presta, an executive officer and director of Titus Real Estate, was elected as our Secretary and as one of our directors.

On April 13, 2000, Mr. Shipley loaned the Company $300,000 due April 12, 2001, together with interest at 10% per annum. This loan was satisfied by the issuance of 7,500 shares (adjusted for the 1-for-20 reverse stock split effective April 21, 2003) of the Company's common stock to Mr. Shipley on or about April 25, 2001. Based on a press release by EMB, effective July 25, 2001, James E. Shipley again became the Chief Executive Officer of EMB.

On July 1, 2001, the Company entered into an Employment Agreement with Vincent Rinehart. Under the terms of the agreement, the Company is to pay to Mr. Rinehart a salary equal to $275,000 per year, subject to an annual increase of 10% commencing January 1, 2002, plus an automobile allowance of $1,200 per month and other benefits, including life insurance. The agreement is for a term of 5 years and provides for a severance payment in the amount of $500,000 and immediate vesting of all stock options in the event his employment is terminated for any reason, including cause. Mr. Rinehart s Employment Agreement was ratified by the shareholders of the Company at the 2001 Annual Shareholders Meeting.

In November 2002, Scott Presta received 42,500 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of our common stock for past services as a director and for agreeing to stand for re-election as a director, and Kenneth Arevalo and L. Wade Svicarovich each received 25,000 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of common stock for agreeing to stand for election as a director. In connection with his resignation from the Board of Directors on July 23, 2004, Mr. Arevalo returned the 25,000 shares.

On February 28, 2003, the Company entered into a Debt Exchange Agreement with Vincent Rinehart, Chairman, CEO, Secretary, and Chief Financial Officer. Under the terms of the agreement, Rinehart (i) cancelled options to acquire 2,500,000 shares of common stock previously acquired as part of his Employment Agreement, and (ii) converted an aggregate of $433,489.06 in principal and interest under a promissory into (y) 6,000,000 shares of common stock and (z) 18,800 shares of newly created Series F Convertible Preferred Stock.

On April 30, 2004, we issued to Vincent Rinehart a total of 164,500 shares of our common stock as payment of dividends accrued through that date on the Series F Convertible Preferred Stock.

ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

During the fiscal years ended April 30, 2004 and 2003, McKennon Wilson & Morgan LLP billed the Company $73,100 and $63,000, respectively, in fees for professional services for the audit of the Company s annual financial statements and review of financial statements included in the Company s Form 10-Q or 10-QSB, as applicable.

Audit Related Fees

During the fiscal years ended April 30, 2004 and 2003, McKennon Wilson & Morgan LLP billed the Company $10,167 and $12,866, respectively, relating to procedures performed in connection with proxy and registration information filed with the SEC. There were no amounts billed related to any assurance and related services related to the performance of the audit or review of the Company s financial statements.

Tax Fees

During the fiscal years ended April 30, 2004 and 2003, McKennon Wilson & Morgan LLP billed the Company $9,700 and $6,500, respectively, for professional services for tax preparation.

All Other Fees

During the fiscal years ended April 30, 2004 and 2003, McKennon Wilson & Morgan LLP did not bill the Company for any other fees.

Of the fees described above for the fiscal year ended April 30, 2004, 100% were approved by the Audit Committee. The Audit Committee s pre-approval policies and procedures were detailed as to the particular service and the audit committee was informed of each service and such policies and procedures did not include the delegation of the audit committees responsibilities. Of the fees described above for the fiscal year ended April 30, 2003, 100% were approved by the Board of Directors of the Company as there was not an Audit Committee in place at the time of the approvals.

ITEM 15 EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Exhibits

Item No.	Description
3.1 (2)	Restated Articles of Incorporation, as filed with the Nevada Secretary of State on April 14, 2003.
3.2 (2)	Second Restated Bylaws of Anza Capital, Inc.
4.1 (2)	Certificate of Designation for Series D Convertible Preferred Stock
4.2 (2)	Certificate of Designation for Series E Convertible Preferred Stock

4.3 (2)	Certificate of Designation for Series F Convertible Preferred Stock
4.4 (5)	Amended and Restated Certificate of Designation for Series A Preferred Stock of American Residential Funding, Inc.
10.1 (1)	Settlement Agreement dated June 26, 2001 by and between EMB Corporation, e-Net Financial.com Corporation, AMRES Holding LLC, Vincent Rinehart, and Williams de Broe.
10.2 (1)	Limited Irrevocable Proxy dated June 27, 2001.
10.3 (1)	Promissory Note dated June 27, 2001 executed by e-Net in favor of AMRES Holding LLC.
10.4 (1)	Promissory Note dated June 27, 2001 executed by EMB Corporation in favor of Williams de Broe.
10.5 (1)	Promissory Note dated June 27, 2001 executed by e-Net in favor of EMB Corporation (later terminated).
10.6 (1)	Promissory Note dated June 27, 2001 executed by e-Net in favor of EMB Corporation.
10.7 (1)	Redeemable Convertible 10% Promissory Note dated June 28, 2001 executed by e-Net in favor of EMB Corporation.
10.8 (1)	Registration Rights Agreement dated June 27, 2001 executed by e-Net in favor of Williams de Broe.
10.9 (1)	Investment Agreement dated June 27, 2001 by and between e-Net and Laguna Pacific Partners, LLP.
10.10 (1)	Secured Promissory Note dated June 27, 2001 executed by e-Net in favor of Laguna Pacific Partners, LLP.
10.11 (1)	Warrant Agreement dated June 27, 2001 by and between e-Net and Laguna Pacific Partners, LLP.

10.12 (1)	Form of Warrant.
10.13 (1)	Operating Agreement dated June 27, 2001 by and between e-Net and Anza Properties, Inc.
10.14 (1)	ENET Bond Term Sheet by and between e-Net and Laguna Pacific Partners, LLP.
10.15 (1)	Employment Agreement dated June 27, 2001 by and between Anza Properties, Inc. and Thomas Ehrlich.

10.16 (1)	Stock Option Agreement dated June 27, 2001 by and between e-Net and Thomas Ehrlich.
10.17 (1)	Consulting Agreement dated June 27, 2001 by and between Anza Properties, Inc. and Lawrence W. Horwitz.
10.18 (1)	Stock Option Agreement dated June 27, 2001 by and between e-Net and Lawrence W. Horwitz.
10.19 (1)	Employment Agreement dated effective July 1, 2001 by and between e-Net and Vincent Rinehart.
10.20 (3)	Mutual Release Agreement dated March 12, 2003 between the Company, Homelife, Inc., and related parties.
10.21 (2)	Anza Capital, Inc. 2003 Omnibus Securities Plan
10.22 (2)	Form of Incentive Stock Option Agreement relating to options granted under the Plan
10.23 (2)	Form of Non Statutory Stock Option Agreement relating to options granted under the Plan
10.24 (2)	Form of Common Stock Purchase Agreement relating to restricted stock granted under the Plan
10.25 (2)	Stock Exchange Agreement dated February 28, 2003 with Keyway Investments, Ltd.
10.26 (2)	Warrant Agreement No. 1 with Keyway Investments, Ltd.
10.27 (2)	Warrant Agreement No. 2 with Keyway Investments, Ltd.
10.28 (2)	Warrant Agreement No. 3 with Keyway Investments, Ltd.
10.29 (2)	Stock Exchange Agreement dated February 28, 2003 with Cranshire Capital, L.P.
10.30 (2)	

	Warrant Agreement No. 1 with Cranshire Capital, L.P.
10.31 (2)	Warrant Agreement No. 2 with Cranshire Capital, L.P.
10.32 (2)	Warrant Agreement No. 3 with Cranshire Capital, L.P.
10.33 (2)	Stock Exchange Agreement dated February 28, 2003 with EURAM Cap Strat. A Fund Limited

10.34 (2)	Warrant Agreement No. 1 with EURAM Cap Strat. A Fund Limited
10.35 (2)	Warrant Agreement No. 2 with EURAM Cap Strat. A Fund Limited
10.36 (2)	Warrant Agreement No. 3 with EURAM Cap Strat. A Fund Limited
10.37 (2)	Stock Exchange Agreement dated February 28, 2003 with the dotCom Fund, LLC
10.38 (2)	Warrant Agreement No. 1 with the dotCom Fund, LLC
10.39 (2)	Warrant Agreement No. 2 with the dotCom Fund, LLC
10.40 (2)	Warrant Agreement No. 3 with the dotCom Fund, LLC
10.41 (2)	Stock Exchange Agreement dated February 28, 2003 with Barbara Dunster
10.42 (2)	Stock Exchange Agreement dated February 28, 2003 with the Staron Family Trust
10.43 (2)	Debt Exchange Agreement dated February 28, 2003 with Vincent Rinehart
10.44 (4)	Mutual Rescission of Securities Exchange Agreement dated December 18, 2003
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 Annual Report on Form 10-KSB for the fiscal year ended April 30, 2001, as filed with the Commission on August 16, 2001.

(2) Incorporated by reference to our Current Report on Form 8-K dated April 21, 2003, filed with the Commission on April 22, 2003

(3) Incorporated by reference to our Current Report on Form 8-K dated April 2, 2003, filed with the Commission on April 4, 2003.

(4) Incorporated by reference to our Current Report on Form 8-K dated and filed with the Commission December 23, 2003.

(5) Incorporated by reference to our Quarterly Report on Form 10-Q for the quarter ended January 31, 2004, as filed with the Commission on March 22, 2004.

(b) Reports on Form 8-K

We did not file any Current Reports on Form 8-K during the quarter ended April 30, 2004.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: August 12, 2004

Anza Capital, Inc.

/s/ Vincent Rinehart

By: Vincent Rinehart
Its: President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: August 12, 2004

/s/ Vincent Rinehart

By: Vincent Rinehart
Its: President, Chairman, Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Secretary, and Director

Dated: August 12, 2004

/s/ L. Wade Svicarovich

By: L. Wade Svicarovich
Its: Director

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Anza Capital, Inc.

We have audited the accompanying consolidated balance sheets of Anza Capital, Inc. and subsidiaries (collectively, ANZA) as of April 30, 2004 and 2003, and the related statements of operations, stockholders equity (deficit) and cash flows for each of the three years in the period ended April 30, 2004. These consolidated financial statements are the responsibility of ANZA s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Anza Capital, Inc. and subsidiaries as of April 30, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended April 30, 2004, in conformity with accounting principles generally accepted in the United States.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 3 of the consolidated financial statements, the Company has incurred losses from operations in fiscal 2004, and at April 30, 2004 the Company has an accumulated deficit and limited working capital. In the event losses continue, the Company may require additional working capital for which it currently has no commitments. These factors raise substantial doubt about the Company s ability to continue as a going concern. Management s plans regarding these matters are described in Note 3 of the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/
McKennon, Wilson & Morgan LLP

Irvine, California
August 11, 2004

ANZA CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

		April 30, 2004		April 30, 2003
ASSETS				
Current assets:				
Cash and cash equivalents (Note 3)	$	2,204,525	$	2,755,659
Commissions and accounts receivable		2,028,232		2,512,741
Loans held for sale, net (Note 4)		3,650,911		7,526,022
Prepaids and other current assets		19,898		76,748
Total current assets		7,903,566		12,871,170
Property and equipment, net (Note 5)		244,152		253,723
Goodwill, (Note 6)		-		195,247
Other assets		121,744		22,879
	$	8,269,462	$	13,343,019
LIABILITIES AND STOCKHOLDERS EQUITY				
Current liabilities:				
Accounts payable	$	215,151	$	489,434
Accrued liabilities (Note 8)		980,465		532,337
Warehouse line of credit (Note 7)		3,606,866		7,514,209
Commissions payable		2,919,264		2,687,511
Other current liabilities		74,535		188,517
Total current liabilities		7,796,281		11,412,008
Commitments and Contingencies (Note 11)				
Stockholders equity (Note 12):				
Preferred stock, 2,500,000 shares authorized:				
Series 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 April 30, 2004 and 2003		1,040,222		1,040,222
Series E convertible preferred stock, no par value; liquidation value of $1.00 per share; 250,000 shares authorized; zero and 217,278 shares issued and outstanding as of April 30, 2004 and 2003, respectively		-		217,278
Series 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 April 30, 2004 and 2003		313,490		313,490
Common stock, $0.001 par value; 100,000,000 shares authorized; 9,007,460 and 4,967,460 shares issued at April 30, 2004 and 3003, respectively, and 4,869,896 and 4,829,896 shares outstanding as of April 30, 2004				

and 2003, respectively	4,870	4,830
Additional paid-in capital	13,650,274	13,639,114
Accumulated deficit	(14,535,675)	(13,283,923)
Total stockholders equity	473,181	1,931,011
	$ 8,269,462	$ 13,343,019

See accompanying notes to these consolidated financial statements

ANZA CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended		
	April 30, 2004	April 30, 2003	April 30, 2002
Revenues:			
Brokerage	$ 62,142,504	$ 56,918,172	$ 25,893,805
Sales of loans, net	319,114	336,784	61,247
Real estate services and other	597,902	588,562	318,825
	63,059,520	57,843,518	26,273,877
Cost of revenues:			
Brokerage	47,933,581	42,698,822	17,465,121
Real estate services and other	551,451	509,594	236,573
	48,485,032	43,208,416	17,701,694
Gross profit	14,574,488	14,635,102	8,572,183
Operating expenses:			
General and administrative	12,863,232	10,486,962	5,969,490
Selling and marketing	2,201,119	2,859,830	2,764,686
Provision for litigation	421,800	300,000	-
Non-recurring settlement expenses, net	-	(78,543)	156,614
Impairment of goodwill	195,247	150,000	-
	15,681,398	13,718,249	8,890,790
Operating income (loss)	(1,106,910)	916,853	(318,607)
Interest expense	(37,155)	(146,572)	(178,917)
Other income (expense), net	(39,511)	(33,889)	42,868

Income (loss) from continuing operations	$	(1,183,576)	$	736,392	$	(454,656)
Income from discontinued operations	$	60,913	$	166,000	$	11,943
Net income (loss)	$	(1,122,663)	$	902,392	$	(442,713)
Earnings (loss) per common share:						
Basic:						
		4,866,681		2,777,656		1,813,675
Net income (loss) per common share from continuing operations	$	(0.24)	$	0.27	$	(0.24)
Net income (loss) per common share from discontinued operations	$	0.01	$	0.05	$	0.01
Net income (loss) per basic common share	$	(0.23)	$	0.32	$	(0.24)
Diluted:						
Weighted average number of common shares		4,866,681		6,132,434		1,813,675
Net income (loss) per common share from continuing operations	$	(0.24)	$	0.12	$	(0.25)
Net income per common share from discontinued operations	$	0.01	$	0.03	$	0.01
Net income (loss) per diluted common share	$	(0.23)	$	0.15	$	(0.24)

See accompanying notes to these consolidated financial statements

ANZA CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIT)
FOR THE YEARS ENDED APRIL 30, 2002, 2003, AND 2004

	A Preferred		C Preferred		D Preferred	
	Shares	Amount	Shares	Amount	Shares	Amount
Balances, April 30, 2001	-	$ -	20,000	$ 2,000,000	-	$ -

Shares issued for contract buyout

Shares issued as payment on loan payable

Shares issued to consultants

Shares issued as part of Global Settlement

Value of beneficial conversion feature on AMRES holding note

Issuance of Series A convertible preferred

500,000
250,000

Repurchase of Series A convertible preferred and distribution of dividends

(13,180)
(6,590)

Amortization of deferred stock compensation

Conversion of Series C convertible preferred

(2,541)

(254,100)

Shares issued in settlement with consultant

Value of options granted to an employee

Value of warrants granted in connection with debt

Net Loss

Balances, April 30, 2002

486,820
243,410

17,459

1,745,900

-
-

Shares issued to employees and directors

Shares issued to consultants

Amortization of deferred compensation

Conversion of Series C convertible preferred

(1,056)

(105,600)

Repurchase of Series A convertible preferred

(52,266)
(26,132)

Restructuring of Series A convertible preferred into Series E convertible preferred

(434,554)
(217,278)

Restructuring of Series C convertible preferred into Series D convertible preferred

(16,403)

(1,640,300)

8,201.5

1,040,222

Value of warrants ascribed to Series D convertible preferred

Restructuring of AMRES holding note

Issuance of Laguna settlement shares

Cancellation of Laguna warrants

Net income

Balances, April 30, 2003

-
-

-
-

8,201.5
1,040,222

Repurchase of Series E convertible preferred

Shares issued to consultant

Dividends Series E convertible preferred

Dividends Series F convertible preferred

Liquidation of Series E convertible preferred through exchange of interest on secured notes receivable

Net income

Balances as of April 30, 2004

-
$-

-
$ -

8,201.5
$ 1,040,222

See accompanying notes to these consolidated financial statements

ANZA CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIT)
FOR THE YEARS ENDED APRIL 30, 2002, 2003 AND 2004 (CON T)

	E Preferred		F Preferred		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Balances, April 30, 2001	-	$ -	-	$ -	1,181,744	$ 1,182
Shares issued for contract buyout					20,000	20
Shares issued as payment on loan payable					16,250	16
Shares issued to consultants					275,000	275
Shares issued as part of Global Settlement					225,000	225
Value of beneficial conversion feature on AMRES holding note						
Issuance of Series A convertible preferred						
Repurchase of Series A Convertible preferred and distribution of dividends						
Amortization of deferred stock compensation						
Conversion of Series C convertible preferred					283,976	284
Shares issued in settlement with consultant					65,000	65
Value of options granted to an employee						
Value of warrants granted in connection with debt						
Net Loss						
Balances, April 30, 2002	-	-	-	-	2,066,970	2,067
Shares issued to employees and directors					199,000	199
Shares issued to consultants					152,500	153

Amortization of deferred compensation						
Conversion of Series C convertible preferred					286,426	286
Repurchase of Series A convertible preferred						
Restructuring of Series A convertible preferred into Series E convertible preferred	217,278	217,278				
Restructuring of Series C Convertible Preferred into Series D Convertible Preferred					1,675,000	1,675
Value of warrants ascribed to Series D convertible preferred						
Restructuring of AMRES holding note			18,800	313,490	300,000	300
Issuance of Laguna settlement shares					150,000	150
Cancellation of Laguna warrants						
Net income						
Balances, April 30, 2003	217,278	217,278	18,800	313,490	4,829,896	4,830
Repurchase of Series E convertible preferred	(92,278)	(92,278)				
Shares Issued to Consultant					40,000	40
Dividends Series E convertible preferred						
Dividends Series F convertible preferred						
Liquidation of Series E convertible preferred through exchange of interest on secured notes receivable	(125,000)	(125,000)				
Net loss						
Balances as of April 30, 2004	-	$ -	18,800	$ 313,490	4,869,896	$ 4,870

See accompanying notes to these consolidated financial statements.

ANZA CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIT)
FOR THE YEARS ENDED APRIL 30, 2002, 2003 AND 2004 (CON T)

	Additional Paid-in Capital	Deferred Compensation	Accumulated Deficit	Total
Balances, April 30, 2001	$ 10,141,637	$ (26,133)	$ (13,301,068)	$ (1,184,382)
Shares issued for contract buyout	57,580			57,600
Shares issued as payment on loan payable	57,022			57,038
Shares issued to consultants	645,275	(20,833)		624,717
Shares issued as part of Global Settlement	688,275			688,500
Value of beneficial conversion feature on AMRES holding note	60,681			60,681
Issuance of Series A convertible preferred			(36,126)	213,874
Repurchase of Series A convertible preferred and distribution of dividends			(6,410)	(13,000)
Amortization of deferred stock compensation		26,133		26,133
Conversion of Series C convertible preferred	277,644		(23,828)	-
Shares issued in settlement with consultant	220,935			221,000
Value of options granted to an employee	40,500	(37,125)		3,375
Value of warrants granted in connection with debt	132,345			132,345
Net loss			(442,713)	(442,713)
Balances, April 30, 2002	12,321,894	(57,958)	(13,810,145)	445,168
Shares issued to employees and directors	84,131			84,330
Shares issued to consultants	85,247			85,400

Amortization of deferred compensation		57,958		57,958
Conversion of Series C convertible preferred	122,664		(17,050)	300
Repurchase of Series A convertible preferred			(21,995)	(48,127)
Restructuring of Series A preferred into Series E convertible preferred				-
Restructuring of Series C preferred into Series D convertible preferred	902,825		(337,125)	(32,703)
Value of warrants ascribed to Series D convertible preferred	39,346			39,346
Restructuring of AMRES holding note	161,700			475,490
Issuance of Laguna settlement shares	53,850			54,000
Cancellation of Laguna warrants	(132,543)			(132,543)
Net income			902,392	902,392
Balances, April 30, 2003	13,639,114			