M B A HOLDINGS INC
Form 10-K
February 10, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended October 31, 2004

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________________ to________________________

Commission file number

M.B.A. HOLDINGS, INC.
(Exact name of business issuer as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	87-0522680 (I.R.S. Employer Identification No.)
9419 E. San Salvador, Suite 105 Scottsdale, Arizona (Address of principal executive offices)	85258-5510 (Zip Code)

Registrant's telephone number, including area code (480) 860-2288

Securities registered under Section 12(b) of the Exchange Act: None.

Securities registered under Section 12(g) of the Exchange Act:
Common Stock, $.001 par value
(Title of class)

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss. 229.405 of this chapter) 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. [ ]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of a specified date within 60 days prior to the date of filing. As of December 31, 2004, the aggregate market value non-affiliates of the registrant as reported on NASDAQ, was $18,882,886

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

As of December 31, 2004, there were 120,902,492 shares of the issuer's common stock issued and 120,583,332 outstanding.

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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 42(b) or (c) or under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for the fiscal year ended December 24, 1980). None

Part I

Item 1. Business

M.B.A. Holdings, Inc. (the "Company"), through its wholly owned subsidiary, Mechanical Breakdown Administrators, Inc., markets and administers vehicular mechanical breakdown insurance ("MBI") policies and sells contracts for repair services to vehicles ("VSCs"). The MBI policies and VSC contracts are for the repair of automobiles, light trucks, recreational vehicles, motorcycles, boats and certain automotive components. In certain states, the insurance regulations prohibit the Company from directly selling either MBI policies or VSC contracts. In those states, the Company, through its principal shareholders, services its customers by acting solely as an insurance broker in the sale of MBI policies. The claims administrative responsibilities associated with those policies are assumed by the issuing insurance company. The Company is compensated for its services through the payment of a commission.

In addition, through its subsidiary National Motorcycle Dealers Association, LLC ("NMDA"), the Company sells memberships in NMDA and extended warranties for new and used motorcycles, ATV's and trailers. NMDA also provides and/or plans to provide Gap Coverage, Motorcycle Leasing and Financing, Credit Life/Accident insurance, Health insurance and Family Hospitalization insurance for Dealership owners, employees and their families. As an additional benefit of membership, NMDA offers rental insurance and software for Dealer Motorcycle Rental Programs, a Garage Keepers insurance program, Liability and Collision Insurance for the dealer and their customers, an Association Credit Card, a 401(k) Retirement Program, a Roadside Assistance Program and many other benefits including member discounts on advertising and trade show exhibits.

NATIONAL MOTORCYCLE DEALERS ASSOCIATION, LLC

NMDA was formed by MBA in 2004 to assist Motorcycle Dealer Members in being professional, successful, and profitable businesses through special services, products and programs. NMDA will also take a very active roll in education and legislation to help our members achieve their business and personal goals.

This Association is open to the tens of thousands of Motorcycle Dealers in the United States and Canada. There is an annual membership fee. The Association offers products and training to its members and brings many benefits and programs to aid the Motorcycle Dealer. NMDA brings the purchasing power and the voice of its many members to aid the individual privately -owned Motorcycle

Dealership. MBA Holdings has been appointed to provide management and administration of the Association.

The Association also offers an affiliate membership program open to manufacturers of motorcycles, motorcycle component manufacturers, suppliers, distributors, finance institutions, insurance agencies, insurance companies, industry associations, trade press, publications and motorcycle software vendors. The affiliate program will also have a membership fee per year.

MECHANICAL BREAKDOWN INSURANCE

The Company acts as an agent for insurance companies and sells their MBI policies. In addition, it provides marketing educational/support services and arranges for sub-agents to sell the policies. After the sale, the Company provides third-party administrative policy services (claims adjudication, cancellation processing and technical computer services) for certain of the policies sold by the Company or its sub-agents. The MBI policies are contracts of insurance for repair services to vehicles that are entered into between the insurance companies and the ultimate consumer/purchaser. The insurance company is directly liable for the costs of claims that arise under the terms of the insurance policy. The Company currently has agency and/or servicing agreements with Heritage Warranty Mutual Insurance RRG, Inc., Old Republic Auto Services Insurance Company and Warranty America, LLC, First Assured Insurance Company and AON Warranty Company.

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MBI policies have terms that range from twelve (12) to eighty-four (84) months and generally contain elapsed mileage limitations. Actual repairs or replacements covered by the policies are made by independent repair facilities. The costs of the repairs remain the responsibility of the insurance company that provided the MBI policy.

The policy premium has been established by the insurance companies and agreed to by the Company and insurance regulators. In general, at the time an MBI policy is sold, approximately 51% - 60% of the premium is retained by the insurance company, approximately 20%-36% of the premium is paid to the sub-agent (if applicable). The remainder is paid to the Company as its sales commission and fee for providing administrative policy services.

For the years ended October 31, 2004, 2003, and 2002, the net revenues related to sales and servicing of MBI policies represented approximately 51%, 50% and 71%, respectively, of the Company's net revenues less direct acquisition costs of vehicle service contracts.

VEHICLE SERVICE CONTRACTS

The Company markets and administers VSC programs that supplement the manufacturer's warranty and enhance the profitability of the sale of automobiles, light trucks, recreational vehicles, motorcycles, boats and automotive components. These contracts are sold principally through dealerships. A VSC is a contract between the Company and the consumer/purchaser that offers repair coverage for periods ranging from one (1) to eighty-four (84) months and/or with mileage limitations ranging from 1,000 to 100,000 miles. The coverage is for a broad range of possible failures of mechanical components that may occur during the term of the contract. The coverage is supplemental to the manufacturers' warranty. The Company is primarily responsible for the administration of the contract and related claims during the life of the contract.

At the time a VSC is sold, the Company purchases an insurance policy that insures its' liability. This coverage provides indemnification to the Company against loss resulting from service contract claims. The insurance protection is provided by highly rated independent insurance companies including Heritage Warranty Mutual Insurance RRG, Inc., Warranty Americia, LLC, First Assured Insurance Company and AON Warranty Company.

For the years ended October 31, 2004, 2003, and 2002, the net VSC revenues less direct acquisition costs related to sales and servicing of VSCs represented approximately 60%, 50% and 29%, respectively, of the Company's total net revenues less direct acquisition costs of vehicle service contracts. The relative change in VSC revenues as a percent of total business written is the result of the Company's ability to establish selling agency relationships with Internet direct marketers like Consumers' Guide and to increases in the Company's direct Internet sales.

VIRTUAL PRIVATE NETWORK

The Company has developed a computerized sales system using the Internet that it calls its Virtual Private Network ("VPN"). The VPN enables financial institutions, dealerships and the general public to obtain individualized policy/contract pricing using their personal computer. The system user provides the VPN with the vehicle identification number of the vehicle being insured together with a few other specific data items. The VPN returns an accurate premium quotation and provides the customer with the ability to purchase the policy/contract on line. When an Internet purchase is made, the system transmits the completed application, approval and policy data directly to the financial institution/dealership/purchaser and prints the insurance policy itself on an on-site printer. The information gathered in the quotation process is transmitted directly to the Company's policy management system. Payments for Internet sales are accomplished either by credit card or by a billing to the financial institution/dealership.

SIGNIFICANT CUSTOMERS

In 2004 a major manufacturer accounted for $1,750,893 of VSC revenues or 30% of the 2004 Net Commission Income. During 2003, a national insurance brokerage firm accounted for $2,433,000 of VSC sales while another major customer accounted for $1,673,000 of 2003 VSC sales. These two firms combined accounted for 77% of all 2003 VSC sales. The Company services these accounts under contracts that are subject to renewal annually.

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COMPETITION

M.B.A. Holdings, Inc. competes with a number of independent administrators, divisions of distributors, manufacturers, financial institutions and insurance companies. While the Company believes that it occupies a strong position among competitors in its field, it is not the largest marketer and administrator of MBIs and VSCs. Some competitors have greater operating experience, more employees and/or greater financial resources. Furthermore, many manufacturers of motor vehicles market and administer their own VSC programs for and through their captive dealers.

National Motorcycle Dealers Association, LLC has few direct competitors in its market area and provides a bundle of services that are not generally offered from a single source. The products do compete individually with a wide range of offerings from other firms. NMDA is still assessing the impact these competitors will have on its business.

SALES AND MARKETING

The Company maintains its own staff of sales and marketing personnel. These individuals conduct the sales training and motivational programs that are the primary form of specialized assistance provided by the Company to its retailers/dealers and financial institutions. As an adjunct to these programs, the Company develops the training materials that are used at these educational seminars. In addition, the Company markets its products directly to consumers through its VPN, through selected automobile magazine advertisements and through the operation of a call center.

The number of policies and contracts sold annually during the last three fiscal years are:

Time Period	Number of Policies and Contracts
For the twelve months ended October 31, 2004	3,957
For the twelve months ended October 31, 2003	4,858
For the twelve months ended October 31, 2002	8,130

The decline in the numbers of policies and contracts sold is due to a loss of market share by the Company's associated credit unions and to the loss of a single major customer in the current year. The loss by the credit unions is due to increased competition for the financing of vehicle sales and the extended warranties that are sold at the time of financing. The loans by the vehicle manufacturers including zero interest rate loans and cash refunds have changed the manner in which vehicle buyers finance their purchases of both the vehicle and the extended warranty program. The customer loss was the result of increased price competition in the marketplace.

The Company will continue to look for ways to increase sales including strategic alliances with vehicle sellers and others, the inclusion of other types of mechanical equipment such as watercraft and off-road vehicles, the further expansion of its VPN system to more directly reach the ultimate consumer with its product information and from its recent efforts to expand the economic presence of the National Motorcycle Dealers Association, LLC.

FEDERAL AND STATE REGULATION

Federal law and the statutes of most states regulate the MBI and VSC programs that are developed and marketed by the Company. The Company continually reviews all existing and proposed statutes and regulations to ascertain their applicability to its existing and future operations. Generally, these state laws regulate the type of coverage that is allowed to be offered within that state.

The Company or its principals are licensed in the following states: Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington, West Virginia, Wisconsin, and Wyoming.

The Company makes every effort to comply with all applicable statutes and regulations. Nevertheless, it cannot be assured that its interpretations, if challenged, would be upheld by a court or regulatory body. On each occasion that the Company has been notified that it is not in compliance with state regulation, the Company has been able to take the steps necessary to achieve compliance directly or by working through others..

In the event the Company's authorization to do business in a specific state is challenged successfully, the Company may be required to cease operations in that state and could suffer financial sanctions. These actions, should they occur, could have materially adverse consequences and could affect the Company's ability to continue operating. However, within the framework of current statutes, the Company does not believe that this is a present concern.

EMPLOYEES

The Company and its subsidiaries employed 14 individuals at October 31, 2004 and 29 at October 31, 2003. There is one external sales person who is responsible to recruit and train the insurance agents or representatives of the financial institutions and dealerships in the M.B.A. product line. In addition, the Company has assigned four individuals to handle customer inquiries that many times result in direct sales. The remainder of the staff is assigned to the management and support departments including: claims adjudication, data entry, information systems, finance and administration.

The Company is not a party to a collective bargaining agreement.

Item 2. Properties

The Company's executive offices are located in leased premises at 9419 E. San Salvador Drive, Suite 105, Scottsdale, Arizona. The Company leases approximately 19,750 square feet from Cactus Family Investments, LLC, a firm in which the Company's Chief Executive Officer and Vice President are principals. The current lease has an original five-year term that expired December 31, 2003. The Company has entered into a lease extension agreement that provides for a month-to-month rental pending renegotiation. The original lease provided for annual base rent payments ranging from $212,000 to $276,000. The lease extension requires monthly payments equal to that required in the last month of the original lease (Approximately $25,000 per month). (See Item 14 Certain Relationships and Related Transactions).

Item 3. Legal Proceedings

The Company is subject to claims and lawsuits that arise in the ordinary course of business, consisting principally of alleged errors and omissions connected with the sale of insurance, with personnel matters and with disputes over outstanding accounts. The Company is currently involved in a dispute with one of its associated insurance companies over alleged wrongdoing, an alleged breach of its Administrative Agreement and over reimbursement for claims and cancellations expenditures. The Company maintains a reserve for claims arising in the ordinary course of business and believes that this reserve is sufficient to cover the costs of such claims. Based on the information presently available and considering the Company's Executive and Officers' Liability coverage, management does not believe the settlement of any such claims or lawsuits will have a material adverse effect on the financial position, results of operations or cash flows of the Company.

Item 4. Submission of Matters to a Vote of Security Holders

On March 16, 2004, the holders of a majority of the outstanding common stock shares of M.B.A. Holdings, Inc., waived the required notice of a shareholder meeting and consent to the adoption of the following Board Minutes:

RESOLVED, the Corporation shall amend its Articles of Incorporation to increase its authorized Common Stock shares to Eight Hundred Million (800,000,000) change the par value of each Common Stock share to no par value shares with a stated value $0.0001 per share. and increase its authorized Preferred Stock shares to One Hundred Million (100,000,000) shares and change the par value of each Preferred Stock share to no par value shares with a stated value $0.0001 per share. (the "Stock Increase").

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FURTHER RESOLVED, the following paragraph shall be added as the second and last paragraph of Article III of the Corporation's Articles of Incorporation (the "Preferred Stock Addition"):

The Board of Directors shall have the authority to divide the Preferred Stock shares into series and to fix by resolution the voting powers, designation, preference and relative participating option or other special rights and qualifications.

FURTHER RESOLVED, the Corporation shall receive approval for the Stock Increase and the Preferred Stock Addition from shareholders owning a majority of its outstanding common stock shares by means of written consent.

On June 10, 2004, the holders of a majority of the outstanding common stock shares of M.B.A. Holdings, Inc., waived the required notice of a shareholder meeting and consent to the adoption of the following Board Minutes:

RESOLVED, that the Corporation's action to adopt the Amended Employee Stock Incentive Plan For the Year 2004 and the Amended Non-employee Directors and Consultants Stock Plan for the Year 2004 be and hereby are approved.

On July 12, 2004, the holders of a majority of the outstanding common stock shares of M.B.A. Holdings, Inc., waived the required notice of a shareholder meeting and consent to the adoption of the following Board Minutes:

RESOLVED, that the Corporation's action to adopt the Employee Stock Incentive Plan For the Year 2004-B and the Non-employee Directors and Consultants Stock Plan for the Year 2004-B be and hereby are approved.

Part II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's Common Stock has been reported in NASDAQ, and currently is reported on NASDAQ's OTC: BB under the trading symbol "MBAH". As of October 31, 2004, there were 120,450,492 common shares issued and 120,134,492 outstanding. On that date, the closing bid price for the Company's common stock, as reported by NASDAQ was $0.1079. The following is a summary of the price range of the Company's common stock during its 2003 and 2002 fiscal years:

Common Stock	Bid	
	High	Low
Quarter of Fiscal 2004		
First	0.158	0.149

Second	0.277	0.040
Third	0.086	0.005
Fourth	0.117	0.003
Quarter of Fiscal 2003		
First	0.105	0.100
Second	0.200	0.101
Third	0.158	0.149
Fourth	0.158	0.149

The Company has never paid cash dividends on any shares of its common stock, and the Company's Board of Directors intends to continue this policy for the foreseeable future. Earnings, if any, will be used to finance the development and expansion of the Company's business. Future dividend policy will depend upon the Company's earnings, capital requirements, financial condition and other factors considered relevant by the Company's Board of Directors.

Equity Compensation Plan Information

Plan Category	Number of Securities to be issued upon exercise of outstanding options warrants and rights	Weighted-average exercise price of outstanding options warrants and rights	Number o remaini for fut unde compens (excludi reflected
	(a)	(b)	
Equity compensation plans approved by security holders	None	None	54,
Equity compensation plans not approved by security holders	None	None	

During the fiscal year ended 2004, the Company issued 96,625,000 registered and 3,000,000 unregistered common shares.

Item 6. Selected Financial Data

Fiscal Year ended October 31,	2004	2003	2002	
Net revenues	$ 5,743,547	$ 5,628,408	$ 5,935,478	$ 1
Net (loss) income	(1,209,455)	(1,785,460)	(847,797)	
Net (loss) income per common share (basic)	(.02)	(.08)	(.04)	
Total assets	8,650,262	9,747,162	11,212,975	
Long-term obligations	3,116	8,301	--	

Cash dividends declared per common share	--	--	--

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with the financial statements and footnotes that appear elsewhere in this report.

This discussion and analysis provides information that management believes is relevant to an assessment and understanding of the Company's results of operations and financial condition. The selected financial information is derived from the Company's historical financial statements and should be read in conjunction with such financial statements and notes thereto set forth elsewhere herein and the "Forward-Looking Statements" explanation included herein.

CRITICAL ACCOUNTING POLICIES

The Management's Discussion and Analysis of Financial Condition and Results of Operations, set forth below, discusses our consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at that date and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, we evaluate our estimates and judgments, including those related to revenue recognition, valuation allowances for deferred tax assets and accounts receivable. In addition, we consider the potential impairment of our long-lived assets. We base our estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. The result of these estimates and judgments form the basis for making conclusions about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

A critical accounting policy is one which is both important to the portrayal of the Company's financial condition and results and one that requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Management believes the following critical accounting policies affect its more significant judgments and estimates in the preparation of its consolidated financial statements.

Revenue and Direct Cost Recognition - Net revenues includes the commissions earned on sales of MBI, fees for providing administrative claims services related to the MBI sold and revenues related to the sales and servicing of VSC.

The Company receives a commission from the sale of each MBI policy. That commission is payment for marketing the policy and, in some instances, for providing administrative, claims and cancellation services. The Company has elected early adoption of Emerging Issues Task Force Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables". It will recognize the revenue earned from each MBI policy on which it is obligated to provide administrative, claims and cancellation services on a straight-line basis over the term of that policy.

Customers generally have the right to cancel their policy or vehicle service contract at any time. When a customer cancels the policy or contract, the unused portion of the policy or contract premium is returned to the customer after deduction of a cancellation fee. The Company, the insurance companies, and the sub-agents (if applicable) repay their unearned balance on the policy to the customer. The cancellation fee is retained entirely by the Company. When a policy is cancelled, the Company records the Company's portion of the cancellation repayment (net of any cancellation fee received) as a reduction or increase (as applicable) in total revenues.

VSCs are contracts between the Company and the purchaser. The Company insures its obligations by obtaining an insurance policy that guarantees the Company's obligations under the contract. In accordance with Financial Accounting Standards Board Technical Bulletin 90-1 Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts, revenues and costs associated with the sales of these contracts are deferred and recognized in income on a straight-line basis over the estimated life of the contracts.

Deferred Income Taxes - Deferred income tax is recorded based upon differences between the financial statement and tax basis of assets and liabilities using income tax rates currently in effect. The decline in the number of contracts sold and the losses that the Company has experienced in both the current year and prior years have placed serious doubt on the Company's ability to realize the value of the deferred income tax assets that were recorded in earlier years. Accordingly, a valuation allowance equal to 100% of the value of the deferred income tax asset has been provided.

The Company will continue to evaluate its critical accounting policies and adjust them as circumstances dictate.

RESULTS OF OPERATIONS

COMPARISON OF FISCAL YEAR 2004 AND FISCAL YEAR 2003

NET REVENUES

Net revenues for the year ended October 31, 2004 totaled $5,744,000, a decrease of $116,000 from the year ended October 31, 2003 net revenues of $5,628,000. The decrease in net revenues is the result of the loss of a single major customer and of increased competition for vehicle sales and loans by the vehicle manufacturers including zero interest rate loans and expanded initial warranty programs. As discusses above, during Fiscal 2003, the Company elected to adopt EITF 00-21, "Revenue Arrangements with Multiple Deliverables". The effect of this action is to defer all MBI related revenue for policies providing administrative, claims and cancellation services over the life of the underlying policy. This policy adoption has resulted in less MBI revenue being recognized in the current year. The Company is attempting to reverse this downward trend with its VPN system, with increased marketing contacts with other Internet vendors and with its expansion into the motorcycle market through its subsidiary, National Motorcycle Dealers Association, LLC..

OPERATING EXPENSES

Operating expenses decreased increased $30,000 to $6,945,000 in the year ended

October 31, 2004 compared to the similar period ended October 31, 2003. Excluding VSC direct acquisition costs, operating expenses increased $203,000. The decrease in Direct Acquisition costs is primarily the result of the loss of a single customer who provided significant business at very low margins. The increase in all other operating costs occurred in Salaries and employee benefits and Professional fees as a result of the issuance and exercise of stock options. Other operating expenses also contributed to the increase as the Company worked to develop the various programs and materials that are included within the mantel of the NMDA. The Company recognized a portion of the costs associated with the acquisition of First Eagle Group, LLC ("First Eagle) as an expense. The Company acquired First Eagle with the express intention of working with the owning group to expand and revitalize the Company's marketing capabilities. During the ensuing six months, it became apparent that strategic conflicts existed that would prevent the successful implementation of the project. The project, now known as NMDA, is now moving forward at an accelerating rate. The increase in all other operating cost occurred primarily in Salaries and employee benefits and Professional fees as the Company worked to develop the various programs and materials that are included within the mantel of the National Motorcycle Dealers Association, LLC. In addition, compensation expense was also incurred in 2004 from the issuance and exercise of stock options under the terms of the M.B.A. Holdings, Inc. Employee Stock Incentive Plan for the Year 2004 and the M.B.A. Holdings, Inc. Employee Stock Incentive Plan for the Year 2004-B.

Licenses and fees increased $40,000 in 2004 over the $21,000 expended in 2003 and Telephone expense decreased $77,000 from the $147,000 expended in 2003, as the Company was able to settle two disputes arising over software licensing and negotiated long distance billing rates. In both instances, the Company was able to achieve reasonable settlement terms to resolve the dispute.

OTHER INCOME (EXPENSE)

Net other income decreased $81,000 to $144, as a result of the Company incurring interest expense on the line of credit borrowings and because the Company is no longer eligible to receive further contractual overrides from one of its insurance companies.

INCOME TAXES

Provisions for income taxes in the period ended October 31, 2004 reflect the fact that the Company is no longer able to carry back current year losses to recover federal income taxes paid in previous years. The period ended October 31, 2002 included provisions for such loss carry back. The Company received $431,000 during the prior year from the carry back of those losses. The differences in the effective tax rates in fiscal 2004 compared to fiscal 2003 and 2002 is the result of changes in the deferrals, an increase in the valuation allowance to 100% and the receipt of the federal income tax loss carry back refund.

SIGNIFICANT EVENTS

The Company has been a principal agent in forming the National Motorcycle Dealers Association, LLC (NMDA) and has been appointed to provide management and administration of the Association. NMDA will provide products and services for the Association members including Extended Motorcycle Warranties for New and Used Motorcycles, ATV's and Trailers, New Motorcycle Manufacture's Factory Warranties, Gap Coverage, Motorcycle Leasinging and Financing, Credit Life/Accident Health Insurance, Family

Hospitalization Insurance for Dealerships and their Families, Rental Insurance for Dealer Motorcycle Rental Programs and Software, Garage keepers Insurance Program, Liability and Collision Insurance for Motorcycle and Autos for the dealer and their customers, an Association Credit Card, Dealership Credit Card Processing, 401(k) Retirement Programs, Roadside Assistance Programs, Tire and Wheel Protection, Business Forms, Communication Services and a Prepaid Legal Program. Membership will be required to participate in these programs and the Company will be compensated through management fees and product sales commissions. The NMDA's aggregation of many programs represents a rare opportunity for the Company and its partners to achieve business synergies and a market edge not previously available to them.

In October, 2004, NMDA entered into an agreement with Wildside Motorcycles, Inc. (Wildside) whereby NMDA exchanged a 20% membership interest for a 20% stock ownership of Wildside's common stock. The parties have agreed to jointly market the software package that Wildside has developed for accounting for motorcycle rentals that enables individual motorcycle dealers to establish, account for and invoice their rental operations. The Company will use equity accounting to record the results of this investment.

In December 2004, the Company acquired a 50% interest in Blue Sky Motorcycle Rentals, Inc. (Blue Sky) that operates a motorcycle rental business in Colorado and has sold its business model to similar operations in Arizona, California, New Mexico, Nevada and Florida. Its business plan envisions significant expansion into other vacation markets as well as motorcycle exchange programs among the participants to maximize the usage of the rental motorcycles. The Company will use equity accounting to record the results of this investment.

PENDING ACCOUNTING STANDARDS

In December 2004, the FASB published FASB Statement No. 123, Share-Based Payment, ("FAS 123") which will provide investors and other users of financial statements with more complete and neutral financial information by requiring that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. The Company is required to apply FAS 123 at October 31, 2005.

In December 2004, the FASB issued Statement No. 153, Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions ("FAS 153"). The amendments made by FAS 153 are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The Company has adopted FAS 153 in these statements.

In January 2003, the FASB issued FIN No. 46, Consolidation of Variable Interest Entities ("FIN 46") which is an interpretation of Accounting Research Bulletin No. 51, Consolidated Financial Statements . FIN 46 requires a variable interest entity ("VIE") to be consolidated by a company that is considered to be the primary beneficiary of that VIE. In December 2003, the FASB issued FIN No. 46 (revised December 2003), Consolidation of Variable Interest Entities ("FIN 46-R") to address certain FIN 46 implementation issues. The Company is currently evaluating the application of FIN 46 as it relates to the potential consolidation of Cactus Family Investments, LLC, an entity owned by the majority shareholders of the Company.

COMPARISON OF FISCAL YEAR 2003 AND FISCAL YEAR 2002

NET REVENUES

Net revenues for the year ended October 31, 2003 totaled $5,628,000, a decrease of $307,000 from the year ended October 31, 2002 net revenues of $5,935,000. The decrease in net revenues is the result of increased competition for vehicle sales and loans by the vehicle manufacturers including zero interest rate loans and expanded initial warranty programs. As discusses above, during Fiscal 2003, the Company elected to adopt EITF 00-21, "Revenue Arrangements with Multiple Deliverables". The effect of this action is to defer all MBI related revenue over the life of the underlying policy. This policy adoption has resulted in less MBI revenue being recognized in the current year. The Company is attempting to reverse this downward trend with its VPN system and with increased marketing contacts with other Internet vendors.

In 2001 two underwriters transferred the responsibility for the administration of their contracts and policies to an unrelated third party relieving the Company of the majority of its continuing responsibilities. The Company

continues to perform certain administrative duties relating to the calculation and administration of policy and contract cancellation for these underwriters. Approximately $11,000 of net deferred income remains at October 31, 2003 to offset costs to be incurred in administrating the cancellations of these policies.

OPERATING EXPENSES

Operating expenses decreased $409,000 to $6,915,000 in the year ended October 31, 2003 compared to the similar period ended October 31, 2002. Excluding VSC direct acquisition costs, operating expenses declined $249,000 and were 33% of net revenues in 2003 compared to 36% in 2002 as the Company continued to reduce expenses where ever possible. These efforts resulted in total personnel costs being reduced $151,000 from the prior year. The expense reductions were accomplished through task combinations and staffing reductions.

OTHER INCOME (EXPENSE)

Other income increased $31,000 to $64,000 primarily as a result of the Company collecting a contractual override from one of its insurance companies. Interest income declined $7,000 from $14,000 in fiscal 2002 to $7,000 in fiscal 2003 as a result of the nation-wide decline in interest rates and to the decline in funds available for investment. There were $3,000 of realized gains on investments in 2003. There were no realized gains in 2002.

INCOME TAXES

Provisions for income taxes in the period ended October 31, 2003 reflect the fact that the Company is no longer able to carry back current year losses to recover federal income taxes paid in previous years. The period ended October 31, 2002 included provisions for such loss carry back. The Company received $431,000 during the year from the carry back of those prior year losses. The differences in the effective tax rates in fiscal 2003 compared to fiscal 2002 is the result of changes in the deferrals, an increase in the valuation allowance to 100% and the receipt of the federal income tax loss carry back refund.

LIQUIDITY AND CAPITAL RESOURCES

The Company incurred significant losses during the current fiscal year and has experienced additional losses in prior years. A related party has advanced funds on demand notes and through the deferral of rent payments (See Note 4) in order to overcome working capital deficiencies in the past. During 2004, the Company granted the related party, Cactus Family Investments, LLC, a security interest in all of its unencumbered assets. There is no assurance that additional advances will be made if additional working capital is required. The lack of continuing working capital infusions could affect future operations. Accordingly, the accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred a loss in November and December 2004 and January 2005. The Company is aggressively pursuing the development of NMDA and of other warranty products in its ongoing efforts to stem the losses.

Working capital at October 31, 2004 consisted of current assets of $4,277,000 and current liabilities of $5,017,000, or a current ratio of 0.85: 1. At October 31, 2003, the current ratio was 0.75:1 with current assets of $4,825,000 and current liabilities of $6,412,000.

As of October 31, 2004, the Company's cash position increased slightly to $802,000 from $739,000 at October 31, 2003. Of this amount, $19,000 is classified as restricted cash in 2004 and $291,000 in 2003. The largest component of the restricted cash represented claims payment advances provided by insurance companies. These advances enable the Company to make claims payments on behalf of the insurance companies. The decrease in restricted cash in 2004 is due to the return of $350,000 advanced by American Bankers Insurance Company. In addition, the continuing decline in sales volume has resulted in lower premiums being held on deposit pending payment to the insurance companies and therefore lower cash balances.

Deferred direct costs, including both the current and non-current portions, decreased $1,175,000 to $7,360,000 at October 31, 2004 from $8,535,000 at October 31, 2003. Direct costs are costs that are directly related to the sale of VSCs. These costs are deferred in the same manner as are VSC revenue. The decrease is the result of a continuation of lower than normal sales levels.

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The Company collects funds throughout the year and remits a portion of the funds to the insurance companies. As of October 31, 2004, the amount owed to the insurance companies decreased by $405,000 to $331,000 from $736,000 at October 31, 2003. The change is due to the timing of payments remitted to and reimbursements received from the insurance companies as well as the continuing decline in the numbers of contracts sold .

Deferred revenues, including both the current and non-current portions, decreased $1,379,000 to $8,501,000 at October 31, 2004 from $9,880,000 at October 31, 2003. Deferred revenue consists of VSC gross sales and estimated administrative service fees relating to the sales of MBI policies. The decrease is due to the continuing decline in sales volume in 2004.

Table of Contractual Obligations

	Payments Due By Period				
Contractual obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Capital Lease Obligations	$11,213	$8,203	$3,010	$ --	$ --

The Company was operating with a working capital line of credit from Merrill Lynch that expired November 30, 2003. The Company has repayed this indebtedness in February 2004. The Company also received advances from related parties that are secured by a a pledge of the unencumbered assets of the Company. As of

October 31, 2004, the related party indebtedness decreased $100,000 to $416,000 from $516,000 at October 31, 2003. The Company uses premiums received to pay agent commissions, to fund operations and to supplement claims payment advances provided by insurance companies to administer and pay claims. The Company believes its future operations may require advances from outside sources. There is no assurance that such advances will be made.

This Annual Report on Form 10-K contains certain forward-looking statements and information which we believe are within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward looking statements contained herein can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," or "anticipates," or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. The Company wishes to caution the reader that these forward-looking statements that are not historical facts, are only predictions. No assurances can be given that the future results indicated, whether expressed or implied, will be achieved. While sometimes presented with numerical specificity, these projections and other forward-looking statements are based upon a variety of assumptions relating to the business of the Company, which, although considered reasonable by the Company, may not be realized. Because of the number and range of assumptions underlying the Company's projections and forward-looking statements, many of which are subject to significant uncertainties and contingencies that are beyond the reasonable control of the Company, some of the assumptions inevitably will not materialize, and unanticipated events and circumstances may occur subsequent to the date of this report. Examples of uncertainties that could cause such differences include, but are not limited to, the ability of the Company to attract and retain key personnel, the ability of the Company to secure additional capital to finance its business plan, and competition from other companies in the same industry. These forward-looking statements are based on current expectations and the Company assumes no obligation to update this information. Therefore, the actual experience of the Company and the results achieved during the period covered by any particular projections or forward-looking statements may differ substantially from those projected. Consequently, the inclusion of projections and other forward-looking statements should not be regarded as a representation by the Company or any other person that these estimates and projections will be realized, and actual results may vary materially. There can be no assurance that any of these expectations will be realized or that any of the forward-looking statements contained herein will prove to be accurate.

Item 7A. Qualitative Information about Market Risk

Since the Company does not underwrite its own policies, a change in the current rate of inflation is not expected to have a material effect on the Company. The precise effect of inflation on operations however cannot be determined.

The Company does not have any long-term receivables and its line of credit debt is fully repaid. Therefore, it is not subject to significant interest rate risk.

The Company has a net loss of $1,209,000 for the twelve months ended October 31, 2004. This net loss is due to the Company having a substantial decline in market share from increased competition. The future effect of this increased competition may have an adverse effect on future earnings.

Item 8. Financial Statements and Supplementary Data

FINANCIAL STATEMENTS

Index to Consolidated Financial Statements for the years ended October 31, 2004, 2003, and 2002:

REPORT of INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Board of Directors and Stockholders
M.B.A. Holdings, Inc.
Scottsdale, Arizona

We have audited the accompanying consolidated balance sheets of M.B.A. Holdings, Inc. and subsidiaries (the "Company") as of October 31, 2004 and 2003 and the related consolidated statements of operations and comprehensive loss, stockholders' (deficit) equity, and cash flows for the years ended October 31, 2004, 2003 and 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Companies Accounting Oversight Board (United States). Those standards require that we plan and perform the audit 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 the Company as of October 31, 2004 and 2003, and the results of its operations, comprehensive loss and changes in shareholder deficit and its cash flows for the years ended October 31, 2004, 2003 and 2002 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred significant losses from operations, anticipates additional losses in the next year and has insufficient working capital as of October 31, 2004 to fund such losses. These conditions raise substantial doubt as to the ability of the Company to continue as a going concern. These consolidated financial statements do not include any adjustments that might result from such uncertainty.

/s/ Semple & Cooper, LLP

Phoenix, Arizona
January 21, 2005

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M.B.A. HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 2004 AND 2003

ASSETS	2004	2003
CURRENT ASSETS:		
Cash and cash equivalents	$ 782,848	$ 448,240
Restricted cash	18,578	291,437
Investments	--	117,203
Accounts receivable, net of allowance for doubtful accounts of $0 (2004 and 2003)	377,739	232,184
Prepaid expenses and other current assets	1,706	5,248
Deferred direct costs	3,096,094	3,730,410
Total current assets	4,276,965	4,824,722
PROPERTY AND EQUIPMENT:		
Computer equipment	330,605	309,128
Office equipment and furniture	140,259	140,259
Vehicle	15,000	15,000
Leasehold improvements	80,182	80,182
Total property and equipment	566,046	544,569
Accumulated depreciation and amortization	(456,650)	(426,661)
Property and equipment - net	109,396	117,908
DEFERRED DIRECT COSTS	4,263,901	4,804,532
TOTAL ASSETS	$ 8,650,262	$ 9,747,162

See notes to consolidated financial statements.

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M.B.A. HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 2004 AND 2003

LIABILITIES AND STOCKHOLDERS' DEFICIT	2
CURRENT LIABILITIES:	
Net premiums payable to insurance companies	$ 3
Accounts payable and accrued expenses	6
Line of credit borrowings	
Accounts and note payable - officer	4
Capital lease obligations	
Deferred revenues	3,6
Total current liabilities	5,0
Capital lease obligation - net of current portion	
Deferred rent	
Deferred income taxes	
Deferred revenues - net of current portion	4,8
Total liabilities	9,9
COMMITMENTS AND CONTINGENCIES	
STOCKHOLDERS' DEFICIT:	
Preferred stock, no par value; $.0001 stated value 100,000,000 shares authorized in 2004 and $.001 par value 20,000,000 authorized in 2003; 2,000,000 Class A convertible preferred issued and outstanding in 2004, none issued and outstanding in 2003	
Common stock, no par value, $.0001 stated value, 800,000,000 shares authorized (post split), 120,450,492 shares issued (post split) in 2004 and 21,825,492 (post split) in 2003, 120,134,492 shares (post split) outstanding in 2004 and 21,509,492 (post split) in 2003	
Additional paid-in-capital	2,4
Accumulated other comprehensive income	
Accumulated deficit	(3,6
Less: 316,000 (post split) shares of common stock in treasury, at cost	(
	(1,2
Total stockholders' deficit	
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 8,6

See notes to consolidated financial statements.

M.B.A. HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
YEARS ENDED OCTOBER 31, 2004, 2003 AND 2002

	2004	2003
NET REVENUES:		

Vehicle service contract gross income	$ 5,384,993	$ 5,328,915	$
Net mechanical breakdown insurance income	358,554	299,493	
Total net revenues	5,743,547	5,628,408	
OPERATING EXPENSES:			
Direct acquisition costs of vehicle service contracts	4,856,281	5,029,185	
Salaries and employee benefits	1,259,624	1,036,242	
Mailings and postage	14,683	17,932	
Related party rent expense	291,755	311,912	
Lease expense	9,574	13,842	
Professional fees	171,099	132,232	
Telephone	69,946	147,346	
Depreciation and amortization	29,989	59,996	
Merchant and bank charges	12,891	6,475	
Insurance	14,947	21,587	
Supplies	9,143	11,990	
License and fees	60,941	21,493	
Other operating expenses	144,164	104,578	
Total operating expenses	6,945,037	6,914,810	
OPERATING LOSS	(1,201,490)	(1,286,402)	
OTHER INCOME (EXPENSE):			
Finance fee income	15,519	21,476	
Interest income	4,962	7,414	
Interest expense	(46,128)	(13,924)	
Other income (expense)	22,427	63,906	
Realized gains on investments	3,364	2,914	
Other income (expense) - net	144	81,786	
LOSS BEFORE INCOME TAXES	(1,201,346)	(1,204,616)	
INCOME TAXES (Note 6)	8,109	580,844	
NET LOSS	$ (1,209,455)	$ (1,785,460)	$
BASIC AND DILUTED NET LOSS PER SHARE	$ (0.02)	$ (0.08)	$
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	69,133,252	21,034,152	
Net loss	$ (1,209,455)	$ (1,785,460)	$
Comprehensive loss			
Net unrealized gain (loss) on available-for-sale securities	--	5,537	
Comprehensive loss	$ (1,209,455)	$ (1,779,923)	$

See notes to consolidated financial statements.

M.B.A. HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
YEARS ENDED OCTOBER 31, 2004, 2003 AND 2002

	Preferred Stock		Common Stock		Additional Paid In-Capital	Accum Ot Compr In
	Shares	Amount	Shares	Amount		
BALANCE, NOVEMBER 1, 2001			21,325,492	2,012	200,851	(3
Unrealized loss on available-for-sale securities						(2
Net loss						
BALANCE, OCTOBER 31, 2002			21,325,492	2,012	200,851	(5
Unrealized gain on available-for-sale securities						5
Issuance of common shares			500,000	50	79,950	
Net loss						
BALANCE, OCTOBER 31, 2003			21,825,492	2,062	280,801	
Realization of gain on available-for-sale securities						
Issuance of common shares			98,625,000	9,983	1,952,685	
Issuance of preferred shares	2,000,000	200			199,800	
Net loss	--	--	--	--	--	
BALANCE OCTOBER 31, 2004	2,000,000	200	120,450,492	12,045	2,433,286	

See notes to consolidated financial statements

M.B.A. HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2004, 2003 AND 2002

	2004
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$(1,209,455
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	29,989
(Gain) loss on sale of equipment	--
Related party rent expense accrued but not paid	--
Issuance of stock for services	243,601
Deferred income taxes	8,136
Changes in assets and liabilities:	

Restricted cash	272,859
Accounts receivable	(145,555
Prepaid expenses and other current assets	3,542
Deferred direct costs	1,174,947
Income tax receivable	--
Net premiums payable to insurance companies	(405,791
Accounts payable and accrued expenses	61,599
Accounts and notes payable - related party	36,764
Other liabilities	--
Deferred rent	(4,809
Deferred revenues	(1,379,053
Net cash used in operating activities	(1,313,226
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(21,477
Proceeds from sale of equipment	--
Purchase of investments	--
Proceeds from sales and maturities of investments	117,084
Net cash provided by investing activities	95,607
CASH FLOWS FROM FINANCING ACTIVITIES:	
Drawings on line of credit	--
Issuance of common stock	1,719,067
Repayments of line of credit	(196,897
Proceeds of note payable - officer	70,000
Repayment of note payable - officer	(33,935
Payments on capital lease obligations	(6,008
Net cash provided by (used in) financing activities	1,552,227
NET DECREASE IN CASH AND CASH EQUIVALENTS	334,608
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	448,240
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 782,848
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid for interest	$ 9,365
Cash paid for (recovered from) income taxes	--
NON-CASH TRANSACTIONS:	
Related party notes payable satisfied by issuing preferred shares in 2004, common shares and services provided in 2003	$ 200,000
Unrealized gains (losses) on available -for-sale securities	--
Property and equipment financed with capital lease obligations	$ --
Issuance of stock for services	$ 243,601

See notes to consolidated financial statements.

M.B.A. HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2004, 2003 AND 2002

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1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business - M.B.A. Holdings, Inc. and subsidiary (the "Company") are located in Scottsdale, Arizona and are principally engaged in selling mechanical breakdown insurance policies ("MBI") (as an agent for insurance companies), selling vehicle service contracts ("VSC") for new automobiles, trucks, Motorcycles, recreational vehicles, and travel trailers, and providing claims administrative services for MBI and VSC sold. The Company operates in approximately 27 states. The consolidated financial statements include the accounts of M.B.A. Holdings, Inc. and its wholly owned subsidiary, Mechanical Breakdown Administrators, Inc. and the National Motorcycle Dealers Association, LLC. All significant intercompany balances and transactions have been eliminated.

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Significant accounting policies are as follows:

a. Cash and Cash Equivalents - The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

b. Restricted cash represents claims payment advances provided by the insurance companies to enable the Company to make claims payments on their behalf.

c. Investments that are primarily marketable debt and equity securities, are classified as available-for-sale and are stated at estimated fair value as of October 31 2003. There are no such investments at October 31, 2004. Fair value is estimated based on quoted market prices. Unrealized gains (losses) are excluded from earnings and reported, net of income tax, as a separate component of shareholders' equity (deficit).

d. Accounts receivable consist primarily of amounts due from insurance companies for reimbursement of previously paid claims. For the years ended October 31, 2004 and 2003, management believes that all outstanding balances will be realized. Accounts receivable are unsecured and do not include finance charges.

e. Property and Equipment - The historical cost of computer equipment, office equipment and furniture is depreciated by accelerated and straight-line methods over their estimated useful lives, which range from three to seven years. Leasehold improvements are amortized over the shorter of the life of the asset or the related lease term. The costs of maintenance and repairs are charged to expense in the year incurred.

   The Company reviews its long-lived assets for possible impairment in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which supercedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of and amends Accounting Principles Board Opinion No. 30, Reporting the Results of Operations -

Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. The new rules apply to the classification and impairment analysis conducted on long-lived assets other than certain intangible assets, resolve existing conflicting treatment on the impairment of long-lived assets and provide implementation guidance regarding impairment calculations. SFAS No. 144 also expands the scope to include all distinguishable components of an entity that will be eliminated from ongoing operations in a disposal transaction. The Company has concluded that no impairment charge is necessary during 2004 and 2003.

f. Benefit Plan - The Company maintains the Mechanical Breakdown Administrators 401(k) Profit Sharing Plan covering substantially all employees. Participation in employer discretionary contributions commences on the earliest plan entry date after an employee meets eligibility requirements. Employees may elect to contribute to the plan and the Company may make discretionary contributions. No discretionary contributions were made during the years ended October 31, 2004, 2003 or 2002.

g. Net premiums payable to insurance companies represent premiums collected from the policyholders on behalf of the insurance companies. Amounts collected are periodically remitted to the appropriate insurance company.

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h. Revenue Recognition - Net revenues includes the commissions earned on sales of MBI, fees for providing administrative claims services related to the MBI sold and revenues related to the sales and servicing of VSC.

The Company receives a commission from the sale of each MBI policy. In certain instances, that commission is payment for marketing the policy and for providing administrative claims and cancellation services. The Company has elected early adoption on November 1, 2002 of Emerging Issues Task Force Issue No. 00-21, "Revenue Arrangements for Multiple Deliverables". It will recognize the revenue earned from each MBI policy on a straight-line basis over the term of that policy. The net effect of this change in 2004 is a deferral of revenues of $56,000.

Customers generally have the right to cancel their policy or vehicle service contract at any time. When a customer cancels the policy or contract, the unused portion of the policy or contract premium is returned to the customer after deduction of a cancellation fee. The Company, the insurance companies, and the sub-agents (if applicable) repay their unearned balance on the policy to the customer. The cancellation fee is retained entirely by the Company. When a policy is cancelled, the Company records the Company's portion of the cancellation repayment (net of any cancellation fee received) as a reduction or increase (as applicable) in total revenues.

VSCs are generally contracts between the Company and the purchaser. The Company insures its obligations by obtaining an insurance policy that guarantees the Company's obligations under the contract. In accordance with Financial Accounting Standards Board Technical Bulletin 90-1 Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts, revenues and costs associated with the sales of these contracts are deferred and recognized in income on a straight-line basis over the actual life of the contracts. The Company also sells VSC on behalf of others. In these instances, it acts solely as a broker and recognizes income at the time of the sale.

The Company applies Emerging Issues Task Force ("EITF") No. 99-19 Reporting Revenue Gross as a Principal versus Net as an Agent. Accordingly, revenues from MBI and VSC sold on behalf of others are presented on a net basis as the Company acts only as an agent for Insurance companies. Conversely, VSC revenues and related costs are presented gross because the Company is contracting directly with the policyholders.

i. Income Taxes - Provision for recoverable income taxes and related income tax receivable in the year ended October 31, 2002 reflect the fact that the Company carried back the losses to recover federal income taxes paid in previous years. Arizona law does not provide for the carry back of losses and therefore provisions for recoverable state income taxes have not been provided.

Deferred income tax is recorded based upon differences between the financial statement and tax basis of assets and liabilities using income tax rates currently in effect. A valuation allowance is recorded against deferred tax assets when it is likely that the value of a deferred tax asset will not be realized.

j. Net Income (Loss) Per Share - Net income (Loss) per share is calculated in accordance with SFAS No. 128, Earnings Per Share which requires dual presentation of basic and diluted EPS on the face of the statements of income and requires a reconciliation of the numerator and denominator of basic and diluted EPS calculations. Basic income per common share is computed on the weighted average number of shares of common stock outstanding during each period. Income per common share assuming dilution is computed on the weighted average number of shares of common stock outstanding plus additional shares representing the exercise of outstanding common stock options using the treasury stock method. No dilutive effect is assumed in loss years. Below is the reconciliation required by SFAS No. 128.

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Number of shares used in computing income (Loss) per share

Year Ended October 31,	2004	2003	2002
Average number of common shares outstanding - Basic	69,133,252	21,034,152	21,009,492
Dilutive shares from common stock options calculated using the treasury stock method	--	--	--
Average number of common and dilutive shares outstanding	69,133,252	21,034,152	21,009,492

The weighted average shares outstanding gives retroactive effect for all periods presented of the 10 for 1 forward stocksplit authorized in March 2004 and the 1% stock dividend declared in November 2004.

k. Stock-Based Compensation - At October 31, 2003, the Company had options outstanding that related to stock-based compensation from prior years. These options are accounted for under the recognition and measurement principles of Accounting Principles Board Opinion No. 25 Accounting for stock issued to employees and related interpretations, as more fully described in Note 7. Pro Forma information regarding the impact of stock-based compensation on net income and loss per share is required by SFAS No. 123, Accounting for Stock-Based Compensation and SFAS No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure. For years ended October 31, 2004, 2003, 2002, there are no pro forma adjustments necessary to net loss and basic and diluted loss per share information, had the Company accounted for its employee stock options under the fair recognition provisions of SFAS No. 123.

l. Comprehensive income consists of net income and other gains and losses affecting stockholders' equity that, under generally accepted accounting principles are excluded from net income. For the Company, such items consist primarily of unrealized gains and losses on marketable debt and equity investments.

m. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

n. Pending Accounting Standards - In January 2003, the FASB issued FIN No. 46, Consolidation of Variable Interest Entities ("FIN 46") which is an interpretation of Accounting Research Bulletin No. 51, Consolidated Financial Statements. FIN 46 requires a variable interest entity ("VIE") to be consolidated by a company that is considered to be the primary beneficiary of that VIE. In December 2003, the FASB issued FIN No. 46 (revised December 2003), Consolidation of Variable Interest Entities ("FIN 46-R") to address certain FIN 46 implementation issues. The Company is currently evaluating the application of FIN 46 as it relates to Cactus Family Investments, LLC, an entity owned by the majority shareholders of the Company.

In December 2004, the FASB published FASB Statement No. 123 restated, Share-Based Payment, ("FAS 123R") which will provide investors and other users of financial statements with more complete and neutral financial information by requiring that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. The Company is required to and will apply FAS 123R at October 31, 2005.

As of December 2004, the FASB issued Statement No. 153, Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions ("FAS 153"). The amendments made by FAS

153 are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The Company has adopted FAS 153 in these statements.

o. Concentrations of Credit Risk - The Company maintains its cash balances in financial institutions. Deposits, not to exceed $100,000, are insured by the Federal Deposit Insurance Corporation. At October 31, 2004 and 2003, the Company had uninsured cash of approximately $916,000, and $619,000, respectively.

p. Advertising costs are expensed as incurred and are included in other operating expenses. Advertising expense totaled approximately $17,000, $19,000 and $23,000 for the years ended October 31, 2004, 2003 and 2002, respectively.

q. Reclassifications - Certain reclassifications have been made to the 2003 and 2002 amounts to conform to the 2004 presentation.

r. Stocksplit and Stock Dividend - The accompanying financial statements give retroactive effect in all periods presented of the 10 for 1 forward stocksplit authorized in March 2004 and the 1% stock dividend declared in November 2004.

2. LIQUIDITY AND GOING CONCERN

The Company incurred significant losses during the current fiscal year and has experienced additional losses in prior years. A related party has advanced funds on demand notes and through the deferral of rent payments (See Note 4) in order to overcome working capital deficiencies during the year. The Company has granted the related party, Cactus Family Investments, LLC, a security interest in all of its unencumbered assets. There is no assurance that additional advances will be made if additional working capital is required. The Company has been notified by the State of Arizona that it does not meet Arizona's requirement that the Company be solvent to service VSC contracts in that state. The Company is seeking alternatives to meet Arizona's regulations. Based upon the foregoing, the accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred a loss in November and December 2004 and January 2005. The Company is attempting to reverse this downward trend with its VPN system, with increased marketing contacts with other Internet vendors and with its expansion into the motorcycle market through its subsidiary, National Motorcycle Dealers Association, LLC.

3. SIGNIFICANT EVENTS

The Company has been the principal agent in forming the National Motorcycle Dealers Association, LLC (NMDA) and has been appointed to provide management and administration of the Association. NMDA will provide or plans to provide products and services for the Association members including Extended Motorcycle Warranties for New and Used Motorcycles, ATV's and Trailers, New Motorcycle Manufacture's Factory Warranties, Gap Coverage, Motorcycle Leasing and Financing, Credit Life/Accident Health Insurance, Family Hospitalization Insurance for Dealerships and their Families, Rental Insurance for Dealer Motorcycle Rental Programs and Software, Garage keepers Insurance Program, Liability and Collision Insurance for Motorcycle and Autos for the dealer and their customers, an Association Credit Card, Dealership Credit Card Processing, 401(k) Retirement Programs, Roadside Assistance Programs, Tire and Wheel Protection, Business Forms, Communication Services and a Prepaid Legal Program. Membership will be required to participate in these programs and the Company will be compensated through management fees and product sales commissions. The NMDA's aggregation of many programs represents a rare opportunity for the

Company and its partners to achieve business synergies and a market edge not previously available to them.

In October, 2004, NMDA entered into an agreement with Wildside Motorcycles, Inc. (Wildside) whereby NMDA exchanged a 20% membership interest for a 20% stock ownership of Wildside's common stock. The parties have agreed to jointly market the software package that Wildside has developed for accounting for motorcycle rentals that enables individual motorcycle dealers to establish, account for and invoice their rental operations. The Company will use equity accounting to reflect its share of the results.

In December 2004, the Company acquired a 50% interest in Blue Sky Motorcycle Rentals, Inc. (Blue Sky) that operates a motorcycle rental business in Colorado and has sold its business model to similar operations in Arizona, California, New Mexico, Nevada and Florida. Its business plan envisions significant expansion into other vacation markets as well as motorcycle exchange programs among the participants to maximize the usage of the rental motorcycles. The Company will use equity accounting to reflect its share of the results.

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4. RELATED PARTY TRANSACTIONS

Included in accounts and note payable - officer at October 31, 2004 and 2003 is $398,000 and $349,000 of accrued rent for office space payable to Cactus Family Investments, LLC, an entity owned by the Company's majority stockholders. Rent expense for the years ending October 31, 2004, 2003 and 2002 was $292,000, $312,000 and $252,000, respectively. The lease expiring December 31, 2003 was signed with an affiliate on January 1, 1999. A month-to-month lease extension at the December 2003 rate (approximately $25,000 per month) was signed in December 2003. The expiring lease included escalating rent amounts that have been recorded as expense on a straight-line basis over the lease term.

At various times beginning in February 2002, Gaylen Brotherson, the Company's Chief Executive Officer, has loaned the Company funds for working capital. The loan balance was repaid through the issuance of Class A convertible preferred stock during the fiscal year ended October 31, 2004. At October 31, 2003 there was $167,709 outstanding. The loans mature annually on October 31st and bear interest at a rate of 6%. During fiscal 2004, the Company renegotiated the terms of the notes and granted the related party, Cactus Family Investments, LLC, a security interest in all of its unencumbered assets. The current note includes the unpaid rents discussed above, is payable on demand and bears interest at 6%.

The Company pays a substantial portion of its claims obligations through the use of credit cards held personally by its majority shareholders and repays the credit card companies directly. The Company has agreed to indemnify the majority shareholders from its obligations arising from the use of these credit cards.

5. MARKETABLE SECURITIES

The Company sold its available for sale securities in February 2004 and repaid the secured line of credit with the proceeds. As of October 31, 2004 there are no similar investments. At October 31, 2003, the marketable securities consisted of the following:

October 31, 2003

	Amortized	Gross Unrealized	Gross Unrealize

	Costs	Gains	Losses
Marketable Securities:			
Corporate bonds	$ 33,642	$ 4,158	
Mutual Funds	61,861	2,074	
Equities	27,601		$ (12,
Total Marketable Securities at October 31, 2003	$ 123,104	$ 6,232	$ (12,

6. INCOME TAXES

Income taxes were as follows for the years ended October 31:

	2004	2003	2002
Current	--	--	$(450,668)
Deferred	8,109	580,844	(25,163)
Total income tax (benefit) expense	$ 8,109	$580,844	$(475,831)

The effective income tax rate differs from the federal statutory income tax rate in effect each year as a result of the following items:

	2004	2003	2002
Federal statutory income tax rate	34%	34%	34 %
State taxes	6	6	6

	2002	2001	2000
Federal statutory income tax rate	34%	34%	34 %
State taxes	6	6	6
Operating loss utilization		--	(34)
Net operating loss carryback		--	(34)
Valuation Allowance	(40)	(40)	(6)
Deferred revenues, net	1	8	(2)
Other	--	40	--
Effective income tax rate	1%	48%	(36)%

At October 31, 2004, the Company had a state net operating loss carry forward deductions available of $973,000, which expires in 2006, $1,237,000, which expires in 2007 and $1,137,000 which expires in 2008. The Company will carry forward the current year taxable loss of $1,404,000 for federal income tax purposes as well.

The deferred tax liabilities at October 31, 2004 and 2003 are composed of the tax effects of:

	2004	2003
Excess of net book basis of fixed assets over tax basis	$ 34,102	$ 4,666

7. STOCK OPTIONS AND STOCK AWARDS

The Company adopted the M.B.A. Holdings, Inc. Employee Stock Incentive Plan for the Year 2004 and the M.B.A. Holdings, Inc. Non-Employee Directors and Consultants Retainer Stock Plan for the Year 2004 on April 16, 2004 and adopted the M.B.A. Holdings, Inc. Employee Stock Incentive Plan for the Year 2004-B and the M.B.A. Holdings, Inc. Non-Employee Directors and Consultants Retainer Stock Plan for the Year 2004-B on July 7, 2004. The Company has reserved 110,000,000 shares for these plans. Pursuant to the terms of those plans, The Company has issued options to employees for 87,875,000 shares and to Directors and consultants options for 7,750,000. All of such options have been exercised in Fiscal 2004.

The Company applies APB Opinion No. 25 and related interpretations in measuring compensation expense for its stock options. The Company recognized $243,601 of compensation expense to employees in 2004 and $183,601 of compensation expense to Directors and Consultants. During the years ended October 31 2003 and 2002, no compensation expense was recognized.

A summary of the Company's outstanding options as of October 31, 2004 is presented below:

Options	Exercise Price	Expiration Date	Weighted Average Contractual Life (In Years)
33,334	$ 2.25	February 15, 2006	2.30
25,000	1.20	September 30, 2008	4.92
1,667	1.20	October 31, 2008	5.01
100,000	0.94	June 1, 2008	4.59
20,000	1.05	September 30, 2008	4.92
5,000	1.05	October 31, 2008	5.01
185,001			4.27

A summary of the activity regarding the Company's outstanding options for the years ended October 31 is presented below:

	2004	2003

	Shares	Weighted Average Exercise Price	Shares	We Av Ex P
Options outstanding at beginning of year	185,001	$ 1.23	185,001	$
Options granted	95,625,000	0.02	--	
Options exercised	(95,625,000)	(0.02)	--	
Options cancelled	--	--	--	
Options outstanding at end of year	185,001	$ 1.23	185,001	$

In addition to the options and shares issued during the year ended October 31, 1998, discussed above, the Company also has reserved, for issuance, various options and shares to employees, which are based on the occurrence of future events including the Company reaching certain sales levels. Under an arrangement approved by the Board of Directors, the CEO and Vice-President each will be granted options if sales growth goals are met. For every $5 million in sales growth, the CEO will receive options to purchase 1,667 shares at an exercise price of 80 percent of market price at the date sales goals are met. The President will receive options to purchase 5,000 shares at an exercise price of 70 percent of the market price at the date sales goals are met, for every $5 million in sales growth. No options have been granted to date under these incentive plans.

8. OPERATING AND CAPITAL LEASES

The Company has operating leases for office space and equipment and a capital lease for equipment that expire on various dates through the year ending October 31, 2006. The equipment under capital lease is included in property and equipment at October 31, 2004 and 2003 with values of $20,965 and $28,873 respectively, net of accumulated amortization of $5,093 and $49,463 respectively. Total rental expense was approximately, $291,000, $312,000 and $294,000 for the years ended October 31, 2004, 2003 and 2002, respectively.

Future minimum lease payments under non-cancelable lease agreements at October 31, 2004 are as follows:

	Capital Leases
2005	$ 8,203
2006	3,010
Total	11,213
Less portion representing interest	1,038
Total	$ 10,175

The interest rates under the capital leases obligations range from approximately 15% to 19% per annum and are imputed based on the lessor's implicit rate of return at the inception of the lease.

9. SIGNIFICANT CUSTOMERS

In 2004 a major manufacturer accounted for $1,750,893 of VSC revenues or 33% of the 2004 Net Commission Income. During 2003, a national insurance brokerage firm accounted for $2,433,000 of VSC sales while another major customer accounted for $1,673,000 of 2003 VSC sales. These two firms combined accounted for 77% of all 2003 VSC sales. The Company services these accounts under contracts that are subject to renewal annually.

10. COMMITMENTS AND CONTINGENCIES

The Company is subject to claims and lawsuits that arise in the ordinary course of business, consisting principally of alleged errors and omissions in connection with the sale of insurance and personnel matters and of disputes over outstanding accounts. The Company is currently involved in a dispute, for undisclosed damages, with one of its associated insurance companies over alleged wrongdoing, an alleged breach of its Administrative Agreement and over reimbursement for claims and cancellations expenditures. The Company maintains a reserve for claims arising in the ordinary course of business and believes that this reserve is sufficient to cover the costs of such claims. On the basis of information presently available, management does not believe the settlement of any such claims or lawsuits will have a material adverse effect on the financial position, results of operations or cash flows of the Company.

11. LINE OF CREDIT

The Company had available a $200,000 working capital line of credit which expired on November 30, 2003. Borrowings under the line of credit bear interest at a variable rate per annum equal to the sum of the thirty-day dealer commercial paper rate, as published in The Wall Street Journal plus 3.15 % (4.21% at October 31, 2003). Borrowings are collateralized by the Company's investments. The Company repayed the indebtedness in February 2004. There was no outstanding balance at October 31, 2004. There was $196,897 outstanding at October 31, 2003.

12. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

		For the year ended October 31, 200	
	1st Qtr	2nd Qtr	3rd Qtr
Net revenues	$1,334,120	$1,325,540	$1,303,371
Gross profit	182,262	170,530	190,090
Net (loss) income	(179,186)	(238,897)	(318,248)
Net (loss) income per share	(0.01)	(0.01)	(0.01)

		For the year ended October 31, 200	
	1st	2nd	3rd

	Qtr	Qtr	Qtr
	---	---	---
Net revenues	$1,440,774	$1,421,496	$1,400,657
Gross profit	174,338	169,619	172,801
Net (loss) income	(212,543)	(329,358)	(375,010)
Net (loss) income per share	(0.01)	(0.02)	(0.02)

Item 9. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.

The Company has not had disagreements with its auditors on any matter regarding accounting principles or financial statement disclosures.

Item 9A. Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Principal Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-14(c) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Principal Financial Officer have concluded that these disclosure controls and procedures will be improved by performing the monthly deferral calculations on a cumulative basis. This revised procedure was adopted in the quarter ending October 31, 2004. There are no other changes in the internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Part III

Item 10. Directors and Executive Officers of the Registrant

The Company's Board of Directors consists of four people. All Directors hold offices until the next annual meeting at which time there is an election for their successors.

Name	Age	Position with Company
Gaylen M. Brotherson	65	President, CEO, Chairman of the Board, Director
Judy K. Brotherson	57	Vice-President, Secretary, Director
Edward E. Wilczewski	64	Director
Shelly Beesley	42	Director
Donald A. Gay	36	Director
Robert F. Murphy	68	Director

Gaylen and Judy Brotherson are husband and wife and Donald A. Gay is a Son-in-Law. No other family relationship exists between the Directors or the executive officers.

THE BUSINESS EXPERIENCE OF EACH OF THE COMPANY'S DIRECTORS IS AS FOLLOWS:

Gaylen Brotherson, 65, became President, CEO, Chairman of the Board, and Director of the Company in November 1995. He was the founder of Mechanical Breakdown Administrators, Inc. Mr. Brotherson served in the United States Navy. In 1960, he received his life, health and accident licenses as well as his property and casualty license. Presently, he is licensed as an insurance agent in 27 states. He has been in the vehicle service contract business since 1974. Since 1984 he has been actively involved in marketing and administering mechanical breakdown insurance policies and VSCs under Mechanical Breakdown Administrators, Inc.

Judy Brotherson, 57, has been Vice-President, Secretary and Director of the Company since November 1995. Mrs. Brotherson is a graduate of Creighton University. Since 1975, she has worked primarily in family owned businesses. She holds insurance licenses in approximately 32 states. She was one of the chief designers of the M.B.A. software management system. She has been working at M.B.A. since 1989 primarily involved in overseeing the finance and data-entry departments.

Edward Wilczewski, 64, has been a Director of the Company since June 1998. Mr. Wilczewski served in the Navy for six years. Mr. Wilczewski is a graduate of the University of Omaha. Primarily for the past thirty years including the present time, he has owned and operated The Charter Group of Arizona, a real estate development company. His company has developed various real estate projects ranging from single-family homes to apartment complexes.

Shelly Beesley, 42, became a Director and a member of the Audit Committee in March 2004. Ms Beesley worked with the Company as an Administrative Specialist for more than ten years and is familiar with all aspects of its operations. She was educated at Red River Community College and brings her extensive background to the Board of Directors.

Donald A. Gay, 36, became a Director in March 2004. Mr. Gay holds a degree from DeVry University and specializes in electronic communications and networking where he has more than fifteen years of varied experience.

Robert F. Murphy, 68, became a Director and a member of the Audit Committee in October 2004. Mr. Murphy holds a Bachelor of Science Business degree from William Cerry College and an MBA from Webster College. Mr. Murphy served as an officer in the U.S. Army for more than twenty years in increasingly responsible positions in operations and logistics. He retired as a Lieutenant Colonel and currently manages his consulting practice.

OTHER EXECUTIVE OFFICERS AND KEY EMPLOYEES

Dennis M. O'Connor, 65, is the Chief Financial Officer. He joined the Company in November of 2001 as a consultant and entered the full time employ of the Company in June 2002. Prior to joining the Company, Mr. O'Connor worked for more than forty years in various financial leadership positions. Mr. O'Connor was educated at Canisius College, Buffalo, NY where he received a Bachelor of Science degree and Master of Business Administration degree. Mr. O'Connor is a Certified Public Accountant.

Item 11. Executive Compensation

The following table provides the annual and other compensation of the Chief Executive Officer and any other employee who qualifies under Regulation S-K section 229.402 for the years ended October 31, 2002, 2003 and 2004.

			ANNUAL COMPENSATION			LONG-T
Name of Principal	Position	Year	Salary	Bonus	Other(1)	Restric Stoc (share award
Gaylen M. Brotherson	Chairman of Board	2002	50,000		14,173	
	President and	2003	50,000		8,184	
	Chief Executive Officer	2004	50,000			
Judy K. Brotherson	Vice-President,	2002	50,000			
	Secretary	2003	50,000			
		2004	50,000			

Option Grants In Last Fiscal Year

The Company has issued options to employees for 87,875,000 shares and to Directors and consultants options for 7,750,000. All of such options have been exercised in Fiscal 2004.

Other Incentives and Compensation

Currently, stock options are granted by the Board of Directors. At October 31, 2004, there were only two employees, Gaylen Brotherson and Judy Brotherson, who had unexercised stock options. All options are exercisable. Below is a summary of existing options.

Name	Number of Shares	Strike Price	Expiration Date
Gaylen Brotherson	33,334	$ 2.25	2/15/06
	25,000	1.20	10/31/08
	1,667	1.20	10/31/08
Judy Brotherson	100,000	0.94	6/1/08
	20,000	1.05	9/30/08
	5,000	1.05	10/31/08

In addition, per the Board of Directors' resolution dated February 15, 1996, Gaylen Brotherson receives an option to purchase 1,667 shares at 80% of the stock's fair market value for each $5,000,000 increase in sales after $25,000,000 on the date the sales goals are reached. Per the Board of Directors' resolution dated June 1, 1998, Judy Brotherson receives an option to purchase 5,000 shares at 70% of the stock's fair market value for each $5,000,000 increase in sales after $25,000,000 on the date the sales goals are reached. These options will expire ten years from the grant date.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth information as of October 31, 2004 concerning shares of Common Stock with no par value, stated value $.0001 and Class A

Convertible Preferred Stock, the Company's only voting securities. This table includes all beneficial owners who own more than 5% of the outstanding voting securities, each of the Company's directors by each person who is known by the Company to own beneficially more than 5% of the outstanding voting securities of the Company, and by the Company's executive officers and directors as a group.

Title of Class	Name And Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Common Stock	Gaylen Brotherson 9419 E. San Salvador Suite 105 Scottsdale, AZ 85258	8,688,620 shares (1)	7.3%
Common Stock	Judy Brotherson 9419 E. San Salvador Suite 105 Scottsdale, AZ 85258	8,687,540 shares (1)	7.3%
Common Stock	CEDE & Co Box 220 Bowling Green Station New York, NY 10274	97,817,280 shares	82.3%
Common Stock	All Directors and Executive Officers as a Group (seven people)	17,398,160 shares	14.6%
Preferred Stock	Gaylen Brotherson 9419 E. San Salvador Suite 105 Scottsdale, AZ 85258	2,000,000 shares	100.0%

(1) This amount represents shares owned and excludes the 60,001 options to purchase common stock for Gaylen Brotherson and the 125,000 options to purchase common stock for Judy Brotherson and the conversion of 200,000 referred shares into 200,000,000 common shares. If these options were exercised by Gaylen Brotherson and Judy Brotherson, then their percentage of ownership would change to 65.1% and 2.7%, respectively (see Item 6. Executive Compensation).

Item 13. Certain Relationships and Related Transactions

The Company leases its office space from Cactus Family Investments, LLC. The managing member of Cactus Family Investments, LLC is Gaylen Brotherson, the Chief Executive Officer. Rent expense for this office space was $291,000, $312,000 and $252,000 for the years ended October 31, 2004, 2003, and 2002, respectively. The Company signed a new lease with the affiliated entity on January 1, 1999. This new lease expires on December 31, 2003. In December 2003, the Company extended the existing lease on a month-to-month basis and is obligated to pay monthly rent equal to the final monthly rent payment required by the expiring lease.

Part IV

Item 14. Exhibits, Financial Statement Schedules, and reports on Form 8-K.

(a) Exhibit Index

Exhibit 99.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 99.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 99.3 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 99.4 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

From 8-K Current Report was filed June 23, 2004. This Current Report stated that Company had acquired the First Eagle Group, LLC. and it's "Screaming Eagles" Parts Performance Motorcycle Warranty programs. Subsequently, it was determined that the assets acquired were immaterial to the Company.

The following documents are filed as part of this report under Part II Item 8:

Reference is made to the Index to Financial Statements and Financial Statement Schedules included in Item 9 of Part II hereof, where such documents are listed.

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 thereto duly authorized.

MBA Holdings, Inc.

By: /s/ Gaylen M. Brotherson Dated: February 10, 2005

Gaylen Brotherson
Chairman of the Board and Chief
Executive Officer

By: /s/ Dennis M. O'Connor Dated: February 10, 2005

Dennis M. O'Connor,

Chief Financial Officer