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

Form 10-QSB

(Mark One)

|X| QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2005

|_| TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER _____

DIGICORP
(Exact name of small business issuer in its charter)

UTAH	*87-0398271*
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

100 Wilshire Boulevard, Suite 1750, Santa Monica, CA 90401
(Address of principal executive offices)

Issuer's telephone number: (310) 752-1477

Check 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 whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes |X| No |_|

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of October 20, 2005, the issuer had 14,200,104 outstanding shares of Common Stock, $.001 par value.

Transitional Small Business Disclosure Format (check one): Yes |_| No |X|

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

DIGICORP
(A Development Stage Company)

Balance Sheet (Unaudited)

	September 30, 2005
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 338,939
Other current assets	195,730
TOTAL CURRENT ASSETS	534,669
Property and equipment, net	6,970
Software development costs	41,600
Other intangible assets	300,000
Other long term assets	98,926
TOTAL ASSETS	$ 982,165
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	$ 35,077
TOTAL CURRENT LIABILITIES	35,077
STOCKHOLDERS' EQUITY	
Common stock, $0.001 par value: 50,000,000 shares authorized; 14,200,104 shares issued and outstanding	14,200
Paid-in capital	1,835,481
Accumulated deficit	(511,627)
Deficit accumulated during the development stage	(390,966)
TOTAL STOCKHOLDERS' EQUITY	947,088
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 982,165

The accompanying notes are an integral part of these condensed financial statements.

DIGICORP
(A Development Stage Company)

Statements of Operations (Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended		For the Period July 1, 1995 (inception) to September 30, 2005
	September 30, 2005	September 30, 2004	

<S>	<C>	<C>	<C>
REVENUES	$ --	$ --	$ --
EXPENSES			
Salaries and employee benefits	210,774	--	222,007
Professional fees	67,898	--	116,724
Taxes other than income taxes	2,766	--	3,920
General and administrative	15,216	1,515	52,975
Operating expenses	296,654	1,515	395,626
Operating loss	(296,654)	(1,515)	(395,626)
Interest, dividend income and other, net	3,776	--	4,660
Net loss before income taxes	(292,878)	(1,515)	(390,966)
Provision for income taxes	--	--	--
Net loss	$ (292,878)	$ (1,515)	$ (390,966)
Basic and diluted net loss per common share	$ (0.02)	$ --	
Weighted average common shares outstanding	13,316,389	9,742,000	

</TABLE>

The accompanying notes are an integral part of these condensed financial statements.

DIGICORP
(A Development Stage Company)

Statements of Cash Flows (Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	For the Period July 1, 1995 (inception) to September 30, 2005
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net loss	$ (292,878)	$ (1,515)	$ (390,966)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation	367	--	367
Stock based compensation	180,036	--	180,036
Stock and warrants issued in exchange for services	11,564	--	341,564
Changes in operating assets and liabilities:			
Other current assets	146,168	--	(195,730)
Other long term assets	(98,926)	--	(98,926)
Accounts payable and accrued liabilities	(24,081)	1,400	35,077
Net cash used in operating activities	(77,750)	(115)	(128,578)
Cash flows from investing activities:			
Purchase of property and equipment	(7,337)	--	(7,337)
Software development costs	(41,600)	--	(41,600)
Net cash used in investing activities	(48,937)	--	(48,937)

Cash flows from financing activities:			
Proceeds from issuance of common stock and warrants	*--*	*--*	*516,000*
Net cash provided by financing activities	*--*	*--*	*516,000*
Net (decrease) increase in cash and cash equivalents	*(126,687)*	*(115)*	*338,485*
Cash and cash equivalents at beginning of period	*465,626*	*3,991*	*454*
Cash and cash equivalents at end of period	*$ 338,939*	*$ 3,876*	*$ 338,939*
Supplemental disclosure of noncash investing activities:			
Issuance of common stock in exchange for other intangible assets	*$ 300,000*	*$ --*	*$ 300,000*

</TABLE>

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The accompanying notes are an integral part of these condensed financial statements.

Digicorp
Notes to Condensed Financial Statements (Unaudited)
September 30, 2005

1. DESCRIPTION OF BUSINESS

Digicorp ("the Company") was organized under the laws of the State of Utah on July 19, 1983. On July 1, 1995, the Company became a development stage enterprise as defined in SFAS No. 7 when it sold its assets and changed its business plan. Accordingly the financial statements include cumulative amounts since July 1, 1995. The Company proposes to seek business ventures that will allow for long-term growth.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed financial statements have been prepared in accordance with the instructions to Form 10-QSB and do not include all the information and disclosures required by accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The actual results may differ from management's estimates.

The interim condensed financial information is unaudited, but reflects all normal adjustments that are, in the opinion of management, necessary to provide a fair statement of results for the interim periods presented. The condensed interim financial statements should be read in connection with the financial statements in the Company's Annual Report on Form 10-KSB for the year ended June 30, 2005, as filed with the Securities and Exchange Commission.

Liquidity

Since June 30, 1995, the Company has been a development stage enterprise with recurring losses that has relied upon the issuance of its common stock to fund operations. Management believes that existing cash resources should be adequate to fund its operations through the end of the Company's current fiscal year, June 30, 2006. However, long term liquidity is dependent on the Company's ability to attain future profitable operations.

Stock-Based Compensation

Prior to July 1, 2005, the Company accounted for stock-based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations, as permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, Accounting for Stock-Based Compensation. In December 2004, SFAS No. 123(R), Share-Based Payment, which addresses the accounting for employee stock options, was issued. SFAS 123(R) revises the disclosure provisions of SFAS 123 and supercedes APB Opinion No. 25. SFAS 123(R) requires that the cost of all employee stock options, as well as other equity-based compensation arrangements, be reflected in the financial statements over the vesting period based on the estimated fair

value of the awards. This statement is effective for the Company as of the beginning of the first annual reporting period that begins after June 15, 2005. The Company adopted SFAS 123(R) as of July 1, 2005. Since the Company had no outstanding options as of June 30, 2005 and September 30, 2004, SFAS 123(R) would have had no impact on the Company's financial statements had the Company elected to adopt the provisions of SFAS 123(R) in an earlier period. During the three months ended September 30, 2005, the Company had stock-based compensation expense of $168,786, from the issuance of 5,100,000 options to purchase shares of the Company's common stock, included in reported net loss of $292,878. All options that we granted in 2005 were granted at the per share fair market value on the grant date. Vesting of options differs based on the terms of each option. The Company utilized the Black-Scholes option pricing model and the assumptions used for each period are as follows:

	Three months ended September 30,	
	2005	2004
Weighted average risk free interest rates	3.75%	--
Weighted average life (in years)	3.55	--
Volatility	155%	--
Expected dividend yield	0%	--
Weighted average grant-date fair value per share of options granted	$ 0.56	$ --

OTHER INTANGIBLE ASSETS

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, "Goodwill and Other Intangible Assets", which provides accounting and reporting standards for acquired intangible assets. Under SFAS No. 142, goodwill and other intangible assets with indefinite useful lives are no longer amortized but tested for impairment at least annually. The Company adopted SFAS No. 142 in connection with its purchase of the iCodemedia Assets from our Chief Technology Officer, a related party, during September 2005 (see note 4). Upon adoption of SFAS No. 142, the Company recorded the iCodemedia Assets as other intangible assets, as those assets met the criteria under SFAS No. 142 for separate identification. The Company will perform an impairment test on all intangible assets, in accordance with the guidance provided by SFAS No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets", at least annually, unless events and circumstances indicate that such assets might be impaired.

3. LOSS PER COMMON SHARE

Loss per common share is based on the weighted average number of common shares outstanding. The Company complies with SFAS No. 128, "Earnings Per Share," which requires dual presentation of basic and diluted earnings per share on the face of the statements of operations. Basic loss per share excludes dilution and is computed by dividing income (loss) available to common stockholders by the weighted-average common shares outstanding for the period. Diluted loss per share reflects the potential dilution that could occur if options and warrants were to be exercised or converted or otherwise resulted in the issuance of common stock that then shared in the earnings of the entity.

Options and warrants outstanding as of September 30, 2005 to purchase 10,575,000 and 3,050,000 shares of common stock, respectively were not included in the computation of diluted net loss per common share for the three months ended September 30, 2005, as their inclusion would have been antidilutive. At September 30, 2004 there were no outstanding options or warrants. See note 8 for subsequent cancellation of warrants.

4. EQUITY TRANSACTIONS

On September 23, 2005, the Company amended the terms of a legal representation agreement initially entered into with Sichenzia Ross Friedman Ference LLP on May 5, 2005. ("Sichenzia"). Under the amended terms, Sichenzia agreed to represent the Company in connection with its continuing reporting requirements, as well as its general corporate matters, including, reviewing and drafting general corporate documents. The initial term of the agreement is from May 1, 2005 through March 31, 2007.

In consideration for Sichenzia's services, the Company agreed to a fixed fee of $50,000 and to issue Sichenzia 500,000 shares of the Company's common stock. The common stock issued to Sichenzia was valued at approximately $325,000 and is being amortized over the term of the agreement. At September 30, 2005 the unamortized balance is $293,478. Of this balance $195,652 is included in other current assets and $98,926 is included in other long term assets.

On September 19, 2005, the Company entered into an asset purchase agreement with Philip Gatch, our Chief Technology Officer, and thereby completed the purchase of certain assets from Mr. Gatch consisting of the iCodemedia suite of websites and internet properties and all related intellectual property (the "iCodemedia Assets"). The iCodemedia suite of websites consists of the websites www.icodemedia.com, www.iplaylist.com, www.tunecast.com, www.tunebucks.com, www.podpresskit.com and www.tunespromo.com. We plan to use these websites to provide a suite of applications and services to enable content creators to publish and deliver content to existing and next generation devices such as the Apple iPod and the Sony PSP. The iCodemedia Assets are presently under development and constitute nominal assets of the Company. As consideration for the iCodemedia Assets, we issued Mr. Gatch 1,000,000 shares of our common stock valued at $300,000. Intangible assets with an indefinite life are not subject to amortization, but will be subject to periodic evaluation for impairment (see Other Intangible Assets). The issuance of shares of common stock to Mr. Gatch was exempt from registration requirements pursuant to Section 4(2) of the Securities Act of 1933, as amended.

On September 30, 2005, we entered into a non-binding Letter of Intent (the "LOI") to purchase (the "Acquisition") all of the issued and outstanding shares of capital stock of Rebel Crew Films, Inc., a California corporation ("Rebel Crew"). As proposed in the LOI, upon closing the Acquisition, we would issue 20 million shares of our common stock to the shareholders of Rebel Crew as compensation for the issued and outstanding capital stock of Rebel Crew. Also on September 30, 2005, the Company entered into a Term Sheet (the "Term Sheet") to purchase a $345,435 loan receivable (the "Loan Receivable") of Rebel Holdings, LLC, a California limited liability company ("Rebel Holdings"), in exchange for the issuance to Rebel Holdings of a $345,435 principal amount convertible note (the "Note"). The Loan Receivable constitutes monies loaned by Rebel Holdings to Rebel Crew to pay for operating expenses of Rebel Crew. The proposed Note would have a term of five years from closing, would bear 4.5% simple interest and would be convertible into shares of the Company's common stock at a conversion price of $0.69087 per share.

5. WARRANTS

In July 2005, the Company issued 50,000 warrants to purchase shares of common stock at $0.25 per share to a consultant. The warrants are immediately exercisable and have a five-year life. The warrants were valued at $11,500 and were expensed during the three months ended September 30, 2005.

Warrants granted during the three months ended September 30, 2005 were valued using the Black-Scholes valuation model assuming expected dividend yield, risk-free interest rate, expected life and volatility of 0%, 3.75%, five years and 155%, respectively. As of September 30, 2005, all warrants issued remain outstanding.

Subsequent to September 30, 2005, 3,000,000 warrants issued to Bodnar Capital Management, LLC were cancelled (see note 8).

The following table summarizes information about common stock warrants outstanding at September 30, 2005:

<TABLE>
<CAPTION>

Outstanding				Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$ 0.25 - 0.42	1,550,000	4.67	$ 0.34	1,550,000	$ 0.34

$ 0.75 - 1.50	1,500,000	4.63	1.08	1,500,000	1.08
$ 0.25 - 1.50	3,050,000	4.65	$ 0.70	3,050,000	$ 0.70

</TABLE>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at September 30, 2005 and June 30, 2004 are comprised of the following:

	September 30, 2005	June 30, 2005
Professional fees - legal	$ 25,000	$ 30,000
Professional fees - other	5,750	10,000
Related party liability	--	17,295
Accrued - other	4,327	1,863
	$ 35,077	$ 59,158

7. RELATED PARTY TRANSACTIONS

At September 30, 2005 and June 30, 2005, the Company has a liability of $0 and $17,295, respectively, due to an entity that owned approximately 20% of the outstanding shares of the Company's common stock. The liability is unsecured, non-interest bearing and due on demand.

8. SUBSEQUENT EVENTS

On October 24, 2005, the Company cancelled warrants issued to Bodnar Capital Management, LLC ("Bodnar Capital") to purchase 3,000,000 shares of the Company's common stock and issued warrants under terms similar to the cancelled warrants to purchase 500,000 shares of the Company's common stock with an exercise price of $0.01. The cancelled warrants were initially issued to Bodnar Capital on April 5, 2005 pursuant to a subscription agreement with Bodnar Capital, whereby the Company sold Bodnar Capital 2,941,176 shares of the Company's common stock and warrants to purchase an additional 3,000,000 shares of the Company's common stock. The Company received gross proceeds of approximately $500,000 from the sale of stock and warrants to Bodnar Capital. The warrants were exercisable for a period of five years, were callable, under certain situations, upon 30 days prior written notice, and had exercise prices as follows: (a) 500,000 shares with an exercise price of $0.25; (b) 500,000 shares with an exercise price of $0.35; (c) 500,000 shares with an exercise price of $0.42; (d) 500,000 shares with an exercise price of $0.75; (e) 500,000 shares with an exercise price of $1.00; (f) 500,000 shares with an exercise price of $1.50. The sale was made in a private placement exempt from registration requirements pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder. On November 2, 2005, Bodnar Capital exercised its warrants to purchase 500,000 shares of the Company's common stock with an exercise price of $0.01.

On November 11, 2005, the Company entered into a consulting agreement with Aegis Equity LLC. In the event the transactions with Rebel Crew and Rebel Holdings, discussed in Note 4, are consumated we agreed to issue Aegis Equity LLC 530,000 shares of common stock and warrants to purchase 300,000 shares of common stock with an exercise price of $0.65 per share.

Item 2. Management's Discussion and Analysis or Plan of Operation.

Forward-Looking Statements

The information in this report contains forward-looking statements. All statements other than statements of historical fact made in this report are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are

forward-looking statements. Forward-looking statements reflect management's current expectations and are inherently uncertain. Our actual results may differ significantly from management's expectations.

The following discussion and analysis should be read in conjunction with the financial statements included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

Off-Balance Sheet Arrangements

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital expenditures.

Critical Accounting Policies

A discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Note 2 to the financial statements describes the significant accounting policies and methods used in the preparation of the financial statements. On an ongoing basis, management evaluates its estimates, the most critical are those that are both important to the presentation of our financial condition and results of operations and require management's most difficult, complex, or subjective judgments.

Accounting Developments

In December 2004, Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment", which addresses the accounting for employee stock options, was issued. SFAS 123(R) revises the disclosure provisions of SFAS 123, "Accounting for Stock Based Compensation" and supersedes Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS 123(R) requires that the cost of all employee stock options, as well as other equity-based compensation arrangements, be reflected in the financial statements based on the estimated fair value of the awards. This statement is effective for us as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. We adopted Statement 123(R) as of July 1, 2005, and it did not have a material effect on our accounting for employee stock options.

Overview

Digicorp was incorporated on July 19, 1983 under the laws of the State of Utah for the purpose of developing and marketing computer software programs. From 1983 to 1995, our sales and investments were attributable to the sale of computer software and investments related to oil, gas and mining.

On June 30, 1995, we became a development stage enterprise when we sold our assets and changed our business plan. Since June 30, 1995, we have been in the developmental stage and have had no operations other than issuing shares of common stock for financing the preparation of financial statements and for preparing filings for the SEC. In August 2001, we elected to file a Form 10-SB registration statement with the SEC on a voluntary basis in order to become a reporting company under the Securities Exchange Act of 1934.

Our business plan is to attempt to locate and negotiate with another company for the purpose of a business combination of the two companies. The combination will normally take the form of a merger, stock-for-stock exchange or stock-for-assets exchange. In most instances the company combining with us will wish to structure the business combination to be within the definition of a tax-free reorganization under Section 351 or Section 368 of the Internal Revenue Code of 1986, as amended. No assurances can be given that we will be successful in locating or negotiating with another company in a business combination.

On September 19, 2005, upon entering into an asset purchase agreement with Philip Gatch, our Chief Technology Officer, we completed the initial transaction to transform us from that of a development stage enterprise to a digital media and content delivery company. The assets purchased consisted of the iCodemedia suite of websites and internet properties and all related intellectual property (the "iCodemedia Assets"). The iCodemedia suite of websites consists of the websites www.icodemedia.com, www.iplaylist.com, www.tunecast.com, www.tunebucks.com, www.podpresskit.com and www.tunespromo.com. We plan to use these websites and the related intellectual property to provide a suite of

applications and services to enable content creators the ability to publish and deliver content to existing and next generation digital media devices, such as the Apple iPod and the Sony PSP, based upon the consumers' expectation for broader and on-demand access to content and services.

On September 30, 2005, we entered into a non-binding Letter of Intent (the "LOI") to purchase (the "Acquisition") all of the issued and outstanding shares of capital stock of Rebel Crew Films, Inc., a California corporation ("Rebel Crew"). As proposed in the LOI, upon closing the Acquisition, we would issue 20 million shares of our common stock to the shareholders of Rebel Crew as compensation for the issued and outstanding capital stock of Rebel Crew. Rebel Crew was founded in 2001 and is film licensing and distribution company of Latino home entertainment products. Rebel Crew currently maintains more than 200 Spanish language films and serves some of the nation's largest wholesale, retail, catalog, and e-commerce accounts. Rebel Crew's titles can be found at Wal-Mart, Best Buy, Blockbuster, K-Mart, and hundreds of independent video outlets across the United States and Canada.

Also on September 30, 2005, the Company entered into a Term Sheet (the "Term Sheet") to purchase a $345,435 loan receivable (the "Loan Receivable") of Rebel Holdings, LLC, a California limited liability company ("Rebel Holdings"), in exchange for the issuance to Rebel Holdings of a $345,435 principal amount convertible note (the "Note"). The Loan Receivable constitutes monies loaned by Rebel Holdings to Rebel Crew to pay for operating expenses of Rebel Crew. The proposed Note would have a term of five years from closing, would bear 4.5% simple interest and would be convertible into shares of the Company's common stock at a conversion price of $0.69087 per share.

Since the Acquisition of Rebel Crew and purchase of the Loan Receivable are subject to further negotiation of definitive agreements, we cannot assure our shareholders that the proposed transactions will be completed. However, we believe that the proposed transactions, if consummated, will allow us to leverage Rebel Crew's Latino content and industry relationships with the iCodemedia Assets to create a compelling digital media and content delivery company.

We believe we have sufficient capital to continue operations until the end of our current fiscal year, June 30, 2006. After that period if we do not enter a business combination, we anticipate that our owners, affiliates, and consultants will provide sufficient capital for another year, but there can be no assurance that this expectation will be realized.

We have incurred losses since our inception. We will continue to sustain losses until we establish profitable operations through an acquisition, or otherwise. The achievement and/or success of these planned measures, however, cannot be determined at this time. We do not expect to generate any meaningful revenue or incur significant operating expenses unless and until we either complete the proposed Acquisition with Rebel Crew or acquire an interest in another operating company.

Our headquarters are located at 100 Wilshire Boulevard, Suite 1750, Santa Monica, CA 90401, where we occupy office space with Patient Safety Technologies, Inc. and Ault Glazer Bodnar & Company Investment Management LLC. Our office space is approximately 2,000 square feet.

Liquidity and Capital Resources

Our total assets were $982,165 at September 30, 2005 versus $807,524 at June 30, 2005. The change in total assets is primarily attributable to an increase in intangible assets of $300,000 from our completion of the iCodemedia Asset acquisition, offset by our operating and investing activities of $77,750 and $48,937, respectively.

At September 30, 2005 and June 30, 2005, we had $338,939 and $465,626 in cash and cash equivalents, respectively, representing a decrease of $126,687. During the three months ended September 30, 2005, we spent approximately $49,000 on the development of applications related to the iCodemedia Assets and other fixed assets and paid approximately $24,000 toward accrued liabilities. The remaining decrease in cash is attributed to recurring operating expenses. We believe that existing cash resources should be adequate to fund our operations for the twelve months subsequent to June 30, 2005. However, long-term liquidity is dependent on our ability to attain future profitable operations. We may undertake additional debt or equity financings to better enable us to grow and meet our future operating and capital requirements. We do not currently have any definitive plans or commitments for such financing and there is no assurance that we will be successful in obtaining such financing.

Operating activities used $77,750 of cash for the three months ended September 30, 2005, compared to $115 for the three months ended September 30,

2004.

Results of Operations

Expenses

Operating expenses were $296,654 in the three months ended September 30, 2005, and $1,515 in the three months ended September 30, 2004. Operating expenses in the September 30, 2005 three month period primarily consisted of professional fees and employee compensation.

Professional fees for the three months ended September 30, 2005 increased approximately $68,000 over the six months ended September 30, 2004 due to significant increases in legal and other professional fees. Of this increase, approximately $47,000 related to the amortization of prepaid legal fees to Sichenzia Ross Friedman Ference LLP ("Sichenzia") pursuant to the terms of the May 5, 2005 legal retainer agreement, as amended. We entered into this legal retainer agreement in anticipation of an increased level of legal work required to complete a business combination or acquire assets that can then be developed into a viable business, and generate revenues. Under the terms of the amended agreement, Sichenzia agreed to represent us in connection with our continuing reporting requirements, as well as our general corporate matters. The term of the agreement is from May 1, 2005 through March 31, 2007.

In consideration for Sichenzia's services, we agreed to a fixed fee of $50,000 and to issue Sichenzia 500,000 shares of our common stock. The common stock issued to Sichenzia was valued at approximately $325,000 and is being amortized over the term of the agreement. At September 30, 2005 we had amortized approximately $82,000. The increase in other professional fees of approximately $21,000 is attributable to services performed by consultants assisting in the development of our digital media strategy, primarily related to the iCodemedia Assets.

At September 30, 2005, we had two full time employees as opposed to no employees at September 30, 2004. In addition to cash based employee compensation of approximately $28,000, we incurred approximately $180,000 in stock based compensation expense related to our officers, employees and non-employee directors performing services for the Company, all of which were expensed during the three months ended September 30, 2005, in accordance with SFAS 123(R). The Company valued the nonqualified stock options of $169,000 using the Black-Scholes valuation model assuming expected dividend yield, risk-free interest rate, expected life and volatility of 0%, 3.75%, two to five years and 155%, respectively. The restricted stock awards of $11,000 were valued at the closing price on the date the restricted shares were granted. During the three months ended September 30, 2004, we did not incur any stock based compensation expense.

Contractual Obligations

We did not have any contractual obligations as of September 30, 2005

RISK FACTORS

Our business involves a high degree of risk. Potential investors should carefully consider the risks and uncertainties described below and the other information in this report before deciding whether to invest in shares of our common stock. Each of the following risks may materially and adversely affect our business, results of operations and financial condition. These risks may cause the market price of our common stock to decline, which may cause you to lose all or a part of the money you paid to buy our common stock.

RISKS RELATED TO OUR BUSINESS

FOR THE PAST TEN YEARS WE HAVE NOT HAD ANY BUSINESS OPERATIONS OR ANY REVENUES AND WE DO NOT HAVE SIGNIFICANT ASSETS. IF WE DO NOT CONSUMMATE A BUSINESS COMBINATION, WE WILL CONTINUE TO HAVE NO REVENUES AND OUR SHARE PRICE WILL LIKELY DECLINE.

As of September 30, 2005, our assets consisted of $338,939 in cash and $195,730 in other current assets, primarily comprised of prepaid legal fees. Since July 1, 1995, we have not generated any revenue. As of September 30, 2005, we had an accumulated deficit of $902,593. For the three months ended September 30, 2005 and 2004, we incurred total expenses of $296,655 and $1,515, respectively. We will, in all likelihood, continue to incur operating expenses without corresponding revenues, at least until the consummation of a business combination or the successful commercialization of assets that we acquire. As a result, we will continue to operate at a loss at least until a business combination with another company can be completed or we successfully develop acquired assets into a viable business. On September 19, 2005, we entered into

an asset purchase agreement with Philip Gatch, our Chief Technology Officer, and thereby completed the purchase of certain assets from Mr. Gatch consisting of the iCodemedia suite of websites and internet properties and all related intellectual property (the "iCodemedia Assets"). The iCodemedia suite of websites consists of the websites www.icodemedia.com, www.iplaylist.com, www.tunecast.com, www.tunebucks.com, www.podpresskit.com and www.tunespromo.com. We plan to use these websites to provide a suite of applications and services to enable content creators to publish and deliver content to existing and next generation devices such as the Apple iPod and the Sony PSP. The iCodemedia Assets are presently under development and there is no guarantee that the iCodemedia Assets will develop into a viable business.

On September 30, 2005, we entered into a non-binding Letter of Intent (the "LOI") to purchase (the "Acquisition") all of the issued and outstanding shares of capital stock of Rebel Crew Films, Inc., a California corporation ("Rebel Crew"). As proposed in the LOI, upon closing the Acquisition, we would issue 20 million shares of our common stock to the shareholders of Rebel Crew as compensation for the issued and outstanding capital stock of Rebel Crew. Rebel Crew was founded in 2001 and is rapidly becoming a leading film licensing and distribution company of Latino home entertainment products. Rebel Crew currently maintains more than 200 Spanish language films and serves the nation's largest wholesale, retail, catalog, and e-commerce accounts. Rebel Crew's titles can be found at Wal-Mart, Best Buy, Blockbuster, K-Mart, and hundreds of independent video outlets across the United States and Canada. Since the Acquisition is subject to further negotiation of definitive agreements, we cannot assure our shareholders that the proposed transactions will be completed. However, we believe that the proposed Acquisition, if consummated, will allow us to leverage Rebel Crew's Latino content and industry relationships with the iCodemedia Assets to create a compelling digital media and content delivery company. If we are unable complete a business combination, or develop assets that we acquire into a viable business, and generate revenues, our share price will likely decline.

AS OF THE DATE HEREOF, THE ONLY BUSINESS OPPORTUNITY FOR WHICH WE HAVE COMPLETED A BUSINESS COMBINATION OR ASSET ACQUISITION OR ENTERED INTO A DEFINITIVE AGREEMENT FOR IS TO ACQUIRE CERTAIN ASSETS FROM A RELATED PARTY. WE DID NOT CONDUCT A FORMAL VALUATION TO DETERMINE THE FAIRNESS OF THE CONSIDERATION FOR THE ACQUISITION, WHICH WAS COMPLETED ON SEPTEMBER 19, 2005. IF THE CONSIDERATION PAID AND THE ACTUAL VALUE OF THE ASSETS ACQUIRED IS LESS THAN EXPECTED, THEN THE MARKET VALUE OF OUR STOCK MAY DECLINE.

On September 19, 2005, we completed the purchase of the iCodemedia Assets from Philip Gatch, our Chief Technology Officer. As consideration for the iCodemedia Assets, we issued Mr. Gatch 1,000,000 shares of our common stock, which is approximately 7.0% of our currently outstanding shares. The consideration for the acquisition was determined by arms' length negotiations between non-interested members of our management and Mr. Gatch, but there was no formal valuation of the subject assets by an independent third party. We did not obtain a fairness opinion by an investment banking firm or other qualified appraiser. Since the acquisition of the assets did not require the approval of our stockholders, we are unable to determine whether our stockholders agree with the determination by our board of directors that the terms of the acquisition are fair and in the stockholders' best interests. If the consideration paid and the actual value of the assets acquired is less than expected, then the market value of our stock may decline.

THE NATURE OF OUR PROPOSED PLAN OF OPERATION IS EXTREMELY SPECULATIVE AND OUR SUCCESS AND POTENTIAL PROFITABILITY DEPENDS ON A NUMBER OF FACTORS THAT ARE NOT WITHIN OUR CONTROL. ACCORDINGLY, IT IS VERY DIFFICULT FOR ANYONE TO ACCURATELY EVALUATE THE MERITS AND RISKS OF AN INVESTMENT IN US. THESE RISKS MAKE IT VERY LIKELY THAT OUR SHARE PRICE COULD DECLINE.

The success of our proposed plan of operation depends to a great extent on the operations and financial condition of a target business to combine with us. While our management would prefer business combinations with entities having established operating histories, there can be no assurance that we will be successful in locating a candidate that meets such criteria. In the event we complete a business combination - an event for which there can be no assurance - the success of our operations will depend upon management of the target business, other risks inherent to business combination transactions and specific risks to the type of business acquired, which cannot be determined at this time. Acquisitions involve numerous risks, including increased expenses and working capital requirements and the potential loss of key employees and customers of acquired companies. In addition, acquisitions involve financial risks, such as potential liabilities of the acquired business, dilutive effects of the issuance of additional equity securities, the incurrence of additional debt, the financial impact of transaction expenses and the amortization of goodwill and other intangible assets involved in any transactions that are accounted for by using the purchase method of accounting, and possible adverse tax and accounting

effects. All of the foregoing increase the speculative nature of our plan of operation and make it difficult to accurately evaluate the merits and risks of an investment in us. All of the foregoing factors make it very likely that that our share price could decline.

FAILURE TO PROPERLY MANAGE OUR POTENTIAL GROWTH POTENTIAL WOULD BE DETRIMENTAL TO HOLDERS OF OUR SECURITIES.

Since we currently have no operations and our total assets at September 30, 2005 consisted only of $338,939 in cash and $195,730 in other current assets, any significant growth will place considerable strain on our financial resources and increase demands on our management and on our operational and administrative systems, controls and other resources. There can be no assurance that our existing personnel, systems, procedures or controls will be adequate to support our operations in the future or that we will be able to successfully implement appropriate measures consistent with our growth strategy. As part of this growth, we may have to implement new operational and financial systems, procedures and controls to expand, train and manage our employees and maintain close coordination among our technical, accounting, finance, marketing, sales and editorial staff. We cannot guarantee that we will be able to do so, or that if we are able to do so, we will be able to effectively integrate them into our existing staff and systems. We may fail to adequately manage our anticipated future growth. We will also need to continue to attract, retain and integrate personnel in all aspects of our operations. Failure to manage our growth effectively could hurt our business.

CONSUMMATION OF A BUSINESS COMBINATION INVOLVING THE ISSUANCE OF OUR EQUITY SECURITIES AS CONSIDERATION OR PARTIAL CONSIDERATION WILL DILUTE THE OWNERSHIP AND VOTING INTERESTS OF OUR CURRENT STOCKHOLDERS.

Our plan for a business combination may involve the issuance of our equity securities as consideration, or partial consideration, for acquiring a business. If we issue significant amounts of our equity securities as consideration for such a business combination, the ownership and voting interests of our current stockholders will be materially diluted.

WE CURRENTLY COMPETE FOR BUSINESS COMBINATIONS WITH MANY LARGER COMPANIES THAT HAVE GREATER FINANCIAL AND OTHER RESOURCES THAN WE DO. THOSE ADVANTAGES COULD MAKE IT DIFFICULT FOR US TO IDENTIFY A FEASIBLE ACQUISITION TARGET.

We are and will continue to be an insignificant participant in the business of seeking mergers with and acquisitions of business entities and/or assets. A large number of established and well-financed entities, including venture capital firms, are active in mergers and acquisitions of companies and assets which may be merger or acquisition target candidates for us. Nearly all such entities have significantly greater financial resources, technical expertise and managerial capabilities than us and, consequently, we are at a competitive disadvantage in identifying possible business opportunities and successfully completing a business combination.

SEC REPORTING REQUIREMENTS MAY DELAY OR PRECLUDE ACQUISITION TARGETS.

Sections 13 and 15(d) of the Exchange Act, and rules promulgated thereunder, require reporting companies to provide certain information about significant acquisitions, including audited financial statements for businesses acquired, covering one, two, or three years, depending on the relative size of the acquisition. New SEC rules and forms effective in August 2005 require that reporting companies with insignificant operations must file such audited financial statements with the SEC within four business days of completing the acquisition. The time and additional costs that may be incurred by some target businesses to prepare such financial statements may significantly delay or essentially preclude consummation of an otherwise desirable acquisition by us.

EXISTING TAX LAWS COULD RESULT IN THE IMPOSITION OF BOTH FEDERAL AND STATE TAXES IN CONNECTION WITH A BUSINESS COMBINATION, WHICH MAY HAVE AN ADVERSE EFFECT OUR BUSINESS.

Federal and state tax consequences will, in all likelihood, be significant considerations in any business combination undertaken by us. Currently, such transactions may be structured so as to result in tax-free treatment to all parties involved, pursuant to various federal and state tax laws. We intend to structure any business combination so as to minimize the federal and state tax consequences to both us and the target business. However, there can be no assurance that such business combination will meet the statutory and regulatory requirements of a tax-free reorganization or that the parties will obtain the intended tax-free treatment upon a transfer of stock or assets. A non-qualifying reorganization could result in the imposition of both federal and state taxes which may have an adverse effect on both parties to the transaction.

IF WE DO NOT MAINTAIN THE CONTINUED SERVICE OF OUR EXECUTIVE OFFICERS, WE MAY NEVER DEVELOP BUSINESS OPERATIONS.

Our success is dependent upon the continued service of our current executive officers. To date, we have entered into a written employment agreement only with Philip Gatch, our Chief Technology Officer, and none of our other executive officers. In addition, we do not have key man life insurance on any of our executive officers. While none of our executive officers currently has any definitive plans to retire or leave our company in the near future, any of such persons could decide to leave us at any time to pursue other opportunities. The loss of services of any of our executive management team could adversely affect the opportunity of a business combination for us.

RISKS RELATED TO OUR COMMON STOCK

OUR HISTORIC STOCK PRICE HAS BEEN VOLATILE AND THE FUTURE MARKET PRICE FOR OUR COMMON STOCK IS LIKELY TO CONTINUE TO BE VOLATILE. FURTHER, THE LIMITED MARKET FOR OUR SHARES WILL MAKE OUR PRICE MORE VOLATILE. THIS MAY MAKE IT DIFFICULT FOR YOU TO SELL OUR COMMON STOCK FOR A POSITIVE RETURN ON YOUR INVESTMENT.

The public market for our common stock has historically been very volatile. Over the past two fiscal years, the market price for our common stock as quoted on the OTC Bulletin Board has ranged from $0.01 to $1.37. The closing sale price for our common stock on October 19, 2005 was $0.99 per share. Any future market price for our shares is likely to continue to be very volatile. This price volatility may make it more difficult for you to sell shares when you want at prices you find attractive. We do not know of any one particular factor that has caused volatility in our stock price. However, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies. Broad market factors and the investing public's negative perception of our business may reduce our stock price, regardless of our operating performance. Further, the market for our common stock is limited and we cannot assure you that a larger market will ever be developed or maintained. The average daily trading volume of our common stock has historically been insignificant. Market fluctuations and volatility, as well as general economic, market and political conditions, could reduce our market price. As a result, this may make it difficult or impossible for you to sell our common stock or to sell our common stock for a positive return on your investment.

OUR COMMON STOCK IS SUBJECT TO THE "PENNY STOCK" RULES OF THE SEC AND THE TRADING MARKET IN OUR SECURITIES IS LIMITED, WHICH MAKES TRANSACTIONS IN OUR STOCK CUMBERSOME AND MAY REDUCE THE VALUE OF AN INVESTMENT IN OUR STOCK.

The SEC has adopted Rule 3a51-1 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, Rule 15g-9 requires:

- *that a broker or dealer approve a person's account for transactions in penny stocks; and*
- *the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.*

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

- *obtain financial information and investment experience objectives of the person; and*
- *make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.*

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form:

- *sets forth the basis on which the broker or dealer made the suitability determination; and*
- *that the broker or dealer received a signed, written agreement from the investor prior to the transaction.*

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to

an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Item 3. Controls and Procedures.

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to ensure that all information required to be disclosed by us in the reports that we file or submit under the Exchange Act is: (1) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure; and (2) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. There was no change in our internal controls or in other factors that could affect these controls during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

We are not a party to any pending legal proceeding, nor is our property the subject of a pending legal proceeding. None of our directors, officers or affiliates is involved in a proceeding adverse to our business or has a material interest adverse to our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On July 20, 2005, as consideration for service on our Board of Directors, we granted to each of Melanie Glazer, Alice M. Campbell, Darrell Grimsley, Lynne Silverstein and William B. Horne options to purchase 250,000 shares of common stock with an exercise price of $0.25 per share. These stock options will vest quarterly over two years, with the first 31,250 options of each grant to vest September 30, 2005. The issuance of these stock options was exempt from registration requirements pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act").

On July 20, 2005, as consideration for service as Chairman of our Audit Committee, we granted Ms. Campbell options to purchase 100,000 shares of common stock with an exercise price of $0.25 per share. These stock options will vest quarterly over two years, with the first 12,500 options to vest September 30, 2005. The issuance of these stock options was exempt from registration requirements pursuant to Section 4(2) of the Securities Act.

On July 20, 2005, as consideration for service as a member of our Audit Committee, we granted Ms. Glazer options to purchase 50,000 shares of common stock with an exercise price of $0.25 per share. These stock options will vest quarterly over two years, with the first 6,250 options to vest September 30, 2005. The issuance of these stock options was exempt from registration requirements pursuant to Section 4(2) of the Securities Act.

On July 20, 2005, as consideration for service as our Chief Executive Officer, we granted Mr. Ault options to purchase 2,000,000 shares of common stock with an exercise price of $0.25 per share. These stock options vest quarterly over two years, with the first 250,000 options to vest September 30, 2005. On September 30, 2005, we accelerated the vesting of such options such that options to purchase 475,000 shares of common stock vested immediately. Further, such 475,000 options will be exercisable by Mr. Ault for a period of 18 months from the date of closing of the proposed acquisition of all of the issued and outstanding shares of capital stock of Rebel Crew Films, Inc., a California corporation. The remaining options to purchase 1,525,000 shares of common stock, to the extent not vested in accordance with the initial grant, will be cancelled upon completing the acquisition of Rebel Crew Films, Inc. The issuance of these stock options was exempt from registration requirements pursuant to Section 4(2) of the Securities Act.

On July 20, 2005, as consideration for service as our President of Operations, we granted Kathryn Queen options to purchase 750,000 shares of common stock with an exercise price of $0.25 per share. These stock options will vest quarterly over two years, with the first 93,750 options to vest September 30, 2005. Also on July 20, 2005, as an incentive bonus, subject to the earlier to occur of us obtaining a market capitalization of $25 million at December 31, 2006, or prior to December 31, 2006, if we obtain, and maintain for 21 consecutive days, a market capitalization of $25 million, we agreed to grant Ms. Queen options to purchase 750,000 shares of common stock. These stock options will vest quarterly over four years from the date of grant. The issuance of these stock options was exempt from registration requirements pursuant to Section 4(2) of the Securities Act.

On July 20, 2005, as consideration for service as our Chief Technology Officer, we granted Philip Gatch options to purchase 250,000 shares of common stock with an exercise price of $0.25 per share. These stock options will vest in equal amounts on July 20, 2005, 2006 & 2007, with the first 83,333 options to vest July 20, 2005. Also on July 20, 2005, we agreed to issue restricted stock valued at $12,500 quarterly during the three-year term of his employment as Chief Technology Officer. The issuance of these stock options was exempt from registration requirements pursuant to Section 4(2) of the Securities Act.

On July 20, 2005, as consideration for service as our Chief Financial Officer, we granted Mr. Horne options to purchase 250,000 shares of common stock with an exercise price of $0.25 per share. These stock options will vest quarterly over two years, with the first 31,250 options to vest September 30, 2005. The issuance of these stock options was exempt from registration requirements pursuant to Section 4(2) of the Securities Act.

On July 20, 2005, as consideration for service as our Controller, we granted Jeanne Olsky options to purchase 100,000 shares of common stock with an exercise price of $0.25 per share. These stock options will vest quarterly over two years, with the first 12,500 options to vest September 30, 2005. The issuance of these stock options was exempt from registration requirements pursuant to Section 4(2) of the Securities Act.

On July 20, 2005, as consideration for service as our Corporate Secretary, we granted Ms. Silverstein options to purchase 150,000 shares of common stock with an exercise price of $0.25 per share. These stock options will vest quarterly over two years, with the first 18,750 options to vest September 30, 2005. The issuance of these stock options was exempt from registration requirements pursuant to Section 4(2) of the Securities Act.

On September 19, 2005, we purchased certain assets from Mr. Gatch consisting of the iCodemedia suite of websites and internet properties and all related intellectual property (the "iCodemedia Assets"). The iCodemedia suite of websites consists of the websites www.icodemedia.com, www.iplaylist.com, www.tunecast.com, www.tunebucks.com, www.podpresskit.com and www.tunespromo.com. As consideration for the iCodemedia Assets, we issued Mr. Gatch 1,000,000 shares of our common stock. The issuance of these shares to Mr. Gatch was exempt from registration requirements pursuant to Section 4(2) of the Securities Act and Rule 506 promulgated thereunder.

On September 30, 2005, we granted Jay Rifkin, as interim President, options to purchase 4,400,000 shares of common stock with an exercise price of $0.85 per share, which stock options will vest annually over a period of three years from the date of closing of the proposed acquisition of all of the issued and outstanding shares of capital stock of Rebel Crew Films, Inc. If the acquisition of Rebel Crew Films, Inc. is not completed, such options will be cancelled. The grant of these options was exempt from registration requirements pursuant to Section 4(2) of the Securities Act and Rule 506 promulgated thereunder.

On September 30, 2005, we granted Cesar Chatel, as President of Rebel Crew Films, Inc., options to purchase 800,000 shares of common stock with an exercise price of $0.85 per share, which stock options will vest annually over a period of three years from the date of closing of the proposed acquisition of all of the issued and outstanding shares of capital stock of Rebel Crew Films, Inc. If the acquisition of Rebel Crew Films, Inc. is not completed, such options will be cancelled. The grant of these options was exempt from registration requirements pursuant to Section 4(2) of the Securities Act and Rule 506 promulgated thereunder.

On September 30, 2005, we granted Oscar Carreno, as Director of Sales of Rebel Crew Films, Inc., options to purchase 150,000 shares of common stock with an exercise price of $0.85 per share, which stock options will vest annually over a period of four years from the date of closing of the acquisition of all of the issued and outstanding shares of capital stock of Rebel Crew Films, Inc. If the acquisition of Rebel Crew Films, Inc. is not completed, such options will

be cancelled. The grant of these options was exempt from registration requirements pursuant to Section 4(2) of the Securities Act and Rule 506 promulgated thereunder.

On September 30, 2005, we granted Ian Monsod, as Manager of Operations of Rebel Crew Films, Inc., options to purchase 125,000 shares of common stock with an exercise price of $0.85 per share, which stock options will vest annually over a period of four years from the date of closing of the acquisition of all of the issued and outstanding shares of capital stock of Rebel Crew Films, Inc. If the acquisition of Rebel Crew Films, Inc. is not completed, such options will be cancelled. The grant of these options was exempt from registration requirements pursuant to Section 4(2) of the Securities Act and Rule 506 promulgated thereunder.

On November 11, 2005, we issued 530,000 shares of common stock to Aegis Equity LLC. On the same date we also issued Aegis Equity LLC warrants to purchase 300,000 shares of common stock with an exercise price of $0.65 per share exercisable for a term of five years. These shares of common stock and warrants were issued as compensation for investor relations and advisory services in connection with our proposed acquisition of Rebel Crew Films, Inc. The issuance of these securities was exempt from registration requirements pursuant to Section 4(2) of the Securities Act.

Item 3. Defaults Upon Senior Securities.

Not applicable.

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

Not applicable.

Item 5. Other Information.

On November 11, 2005, we entered into a consulting agreement with Aegis Equity LLC. Such services include M&A advisory services related to the proposed acquisition of Rebel Crew Films, Inc. and certain loans receivable of Rebel Crew Holdings LLC, including performance and coordination of due diligence, advice on integration, legal affairs, and communications advisory services. As consideration for such services we agreed to issue Aegis Equity LLC 530,000 shares of common stock and warrants to purchase 300,000 shares of common stock with an exercise price of $0.65 per share. In addition, one of our principal stockholders, Patient Safety Technologies, Inc., agreed to pay Aegis Equity LLC cash from the sale of 100,000 shares of our common stock held by such stockholder. The consulting agreement terminates immediately upon the earlier of 120 days from execution, mutual written agreement among the parties to terminate or a breach by either party of the consulting agreement. The above securities will be issued pursuant to an exemption from registration requirements provided by Section 4(2) of the Securities Act of 1933, as amended.

Item 6. Exhibits.

Exhibit Number	*Description*
3.1	*Bylaws (Incorporated by reference to Digicorp's registration statement on Form 10-SB (File No. 000-33067) filed with the Securities and Exchange Commission on August 9, 2001)*
3.2	*Amendment No. 1 to Bylaws (Incorporated by reference to Digicorp's Form 8-K filed with the Securities and Exchange Commission on July 21, 2005)*
10.1	*Binding Letter of Intent to purchase iCodemedia Assets, dated July 15, 2005, among Digicorp and Philip Gatch (Incorporated by reference to Digicorp's Form 8-K filed with the Securities and Exchange Commission on July 21, 2005)*
10.2	*Asset Purchase Agreement made as of September 19, 2005 by and among Digicorp and Philip Gatch (Incorporated by reference to Digicorp's Form 8-K filed with the Securities and Exchange Commission on September 22, 2005)*
10.3	*Employment Agreement effective as of September 20, 2005 by and between Digicorp and Philip Gatch (Incorporated by reference to Digicorp's Form 8-K filed with the Securities and Exchange Commission on September 22, 2005)*
10.4	*Consulting Agreement entered into November 11, 2005 among Digicorp, Aegis Equity LLC and Patient Safety Technologies, Inc.*
99.1	*Letter of Intent to purchase the outstanding capital stock of Rebel Crew Films, Inc. dated September 30, 2005 among Digicorp, Rebel Crew Films, Inc. and the stockholders of Rebel Crew Films, Inc. (Incorporated by reference to Digicorp's Form*

	8-K filed with the Securities and Exchange Commission on October 5, 2005)
99.2	*Term Sheet dated September 30, 2005 among Digicorp and Rebel Holdings, LLC (Incorporated by reference to Digicorp's Form 8-K filed with the Securities and Exchange Commission on October 5, 2005)*
31.1	*Certification by Chief Executive Officer and Chief Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act*
32.1	*Certification by Chief Executive Officer and Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code*

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DIGICORP

Dated: November 14, 2005

By: /s/ William B. Horne

William B. Horne
Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer

Aegis Equity LLC
1012 Prospect St. , Suite 300
La Jolla, CA 92037

November 11, 2005

Re: Consulting Agreement

Dear Messrs. Horne and Ault,

This letter presents the terms of the consulting agreement (the "Agreement") between Digicorp (OTCBB: DGCO.OB) (the "Client"), having a place of business at 100 Wilshire Blvd., Suite 1750, Santa Monica, CA and Aegis Equity LLC (the "Company"), having a place of business at 1012 Prospect St., Suite 300, La Jolla, CA, as follows:

1. Term. Work under this Agreement commenced on or about Sept. 1, 2005 and will continue indefinitely until this Agreement is terminated in accordance with the provisions of the Termination section (Section 5) of this Agreement.

2. Services. The Company and its affiliates (collectively, "Affiliates") hereby agree to provide certain advisory and consulting services ("Services") to the Client, including but not limited to the following: M&A advisory services related to a proposed acquisition by the Client of Rebel Crew Films, Inc. and certain loans receivable of Rebel Crew Holdings LLC, including performance and coordination of due diligence, advice on integration, legal affairs, and four months of communications advisory services from the date of execution of this Agreement. The Company, its Affiliates and its Representatives shall at all times inform the Client of its activities in connection with performance of the Services and all such activities shall be expressly approved by the Client before the Company, its Affiliates or its Representatives may begin to conduct such activities. In connection with the foregoing Services, the Company will:

(a) Consult with and assist the Client in developing and implementing appropriate plans and means for presenting the Client and its business plans, strategy and personnel to the financial community, establishing an image for the Client in the financial community, and creating the foundation for subsequent financial public relations efforts;

(b) Introduce the Client to the financial community, including, but not limited to, retail brokers, buy side and sell side institutional managers, portfolio managers, analysts, and financial public relations professionals;

(c) With the cooperation of the Client, maintain an awareness during the term of this Agreement of the Client's plans, strategy and personnel, as they may evolve during such period, and consult and assist the Client in communicating appropriate information regarding such plans, strategy and personnel to the financial community;

(d) Assist and consult with the Client with respect to its (i) relations with stockholders, (ii) relations with brokers, dealers, analysts and other investment professionals, and (iii) financial public relations generally;

(e) Perform the functions generally assigned to stockholder relations and public relations departments in major corporations, including: (i) responding to telephone and written inquiries (which may be referred to the Company by the Client); (ii) preparing press releases for the Client with the Client's involvement and approval of such press releases, reports and other communications with or to shareholders, the investment community and the general public; (iii) consulting with respect to the timing, form, distribution and other matters related to such releases, reports and communications; and (iv), at the Client's request and subject to the Client's securing its own rights to the use of its names, marks, and logos, consulting with respect to corporate symbols, logos, names, the presentation of such symbols, logos and names, and other matters relating to corporate image;

(f) Upon and with the Client's direction and written approval, disseminate

information regarding the Client to shareholders, brokers, dealers, other investment community professionals and the general investing public;

(g) Upon and with the Client's direction, conduct meetings, in person or by telephone, with brokers, dealers, analysts and other investment professionals to communicate with them regarding the Client's plans, goals and activities, and assist the Client in preparing for press conferences and other forums involving the media, investment professionals and the general investment public;

(h) At the Client's request, review business plans, strategies, mission statements budgets, proposed transactions and other plans for the purpose of advising the Client of the public relations implications thereof; and

(i) Otherwise perform as the Client's consultant for public relations and relations with financial professionals.

3. Fees.

(a) Client will pay Company an advisory fee (the "Fee") for the Services in the amount of 530,000 restricted shares of the Client's common stock, $.001 par value per share ("Common Stock"), cash from the sale of 100,000 free trading (unrestricted) shares of Client's Common Stock as distributed pro-rata from the sale of the entire stock position of Client held by Patient Safety Technologies, Inc. (4,016,027 shares), and warrants entitling the Company or its designee(s) to purchase 300,000 shares of the Client's Common Stock with an exercise price of $0.65 per share. The above restricted shares of Common Stock shall have piggy back registration rights and shall be delivered in certificate form within 15 business days of the execution of this agreement. As per section (d) below, should the Company receive notification from the Client that the proposed acquisition will not take place, the Company agrees to return all stock compensation within 15 business days of such notification.

(b) In connection with the Fee, the Company hereby represents that it and each person who is issued securities as payment of the Fee is an "accredited investor" as such term is defined in Rule 501(a) promulgated under the Securities Act of 1933, as amended (the "Securities Act"). The Company for itself, and on behalf of each person who is issued securities as payment of the Fee, further hereby represents that it is acquiring such securities for its own account, for investment purposes only and not for distribution or resale to others in contravention of the registration requirements of the Securities Act.

(c) To the extent that costs are incurred by the Company in performing the Services, and whereas the Company intends to submit these costs to the Client for reimbursement, they shall be preapproved by an officer of the Client.

(d) Notwithstanding anything in this Agreement to the contrary, the Company shall not be entitled to any part of the Fee if the Client does not complete the proposed acquisition of Rebel Crew Films, Inc. and certain loans receivable of Rebel Crew Holdings LLC.

4. Additional Consultancy Fees.

(a) The parties agree that if, during the Term of this Agreement and during the 12 months following the expiration of the Term of this Agreement, any of the following transactions are consummated following introductions made by the Company: debt or equity financing, merger and/or acquisition, or strategic or business partnership, then Client agrees to pay a mutually agreed upon consultancy fee to the Company, which shall be negotiated in good faith by the parties and paid to the Company no later than 30 days following the consummation of any such transaction. Such introductions shall include introductions made by the Company to Client of all broker dealers and intermediaries not having a preexisting relationship with Client as of the date of this Agreement, and all affiliates of such broker dealers and intermediaries.

(b) The parties expressly acknowledge that the Company is not a registered broker/dealer and the Company is not being retained to offer, sell or place any securities of Client. While the Company and its principals have relationships and contacts with various financing sources, the Company's participation in the actual offer, placement or sale of the Company's securities shall be limited to

that of an advisor to the Company and as a "finder" of suitable candidates for financing, acquisitions or mergers, and the Company does not normally provide such services. The Company will only be introducing the Client to such potential financing sources or merger and acquisition candidates and will not be responsible for the structuring of any transaction. Client acknowledges and agrees that the solicitation and consummation of any offer, placement or sale of Client's securities shall be handled by Client or by one or more NASD member firms engaged by Client for such purpose. The Company is not vested with authority, and shall not be required, to participate in any negotiations relating to the placement or sale of securities. No fees or other remuneration paid pursuant hereto shall relate to commissions for the placement or sale of securities, and the fees due hereunder are not contingent on the placement or sale of securities. Client acknowledges and agrees that all compensation to be paid to the Company hereunder shall be in consideration for bona fide consulting services. Any obligation to pay a consultancy fee hereunder shall survive the merging, acquisition, or other change in the form of entity of the Client and to the extent it remains unfulfilled Client expressly agrees to assign and transfer such obligation to any successor to the Client.

5. Termination. This Agreement shall terminate immediately upon the occurrence of the earliest of:

(a) The passage of a period of 120 days from the date of execution of this Agreement;

(b) The parties enter into a mutual written agreement to such termination; or

(c) Any breach by either party of any provision of this Agreement, including without limitation any failure by either party to observe and to fully and faithfully perform each and all of its duties, responsibilities, and obligations pursuant to this Agreement, provided that the terminating party provides the party to be terminated with written notice of such breach and that such breach is not cured within 10 business days following such notice.

6. Confidentiality. The Company acknowledges and agrees that the Client will be providing the Company, its directors, executive officers, employees and Affiliates (collectively, "Representatives") certain data, documents, salary structure, plans, personnel needs, business, practices, and other information of Client and its corporate affiliates, which are either confidential, proprietary or otherwise not available to the public ("Information"). The Company and its Representatives hereby agree to: (a) keep the Information confidential, (b) not disseminate the Information to any third party, and (c) not use the Information other than as expressly contemplated by this Agreement. All physical manifestations of the Information will be returned promptly and all derivations and copies of the Information will be physically and/or electronically destroyed immediately upon termination of this Agreement pursuant to paragraphs 4(a), (b) or (c).

7. Warranties. The Company and its Representatives agree to complete all work in a professional manner in conformance with industry standards. In the event that the Client is dissatisfied with any Services the Company and its Representatives have provided, the Company and its Representatives agree to use commercially reasonable means to reperform the Services in question, if requested in writing by the Client. In the event that reperformance of the Services in question is impossible and/or impractical in the judgment of the board of directors of the Client, the parties shall agree to work together in good faith to devise an equitable solution. If such an equitable solution is not reached within 30 days after written notice is provided by Client of its dissatisfaction with the Services in question, then the parties may seek to enforce their rights or remedies through any legally available means and to the extent permitted by applicable law.

8. Indemnification. The Client agrees to indemnify, defend and hold the Company and its Representatives harmless from any causes of legal action or resulting damages that may occur in connection with a breach by the Client of the terms of this Agreement. The Company agrees to indemnify, defend and hold the Client and its directors, executive officers, employees and affiliates harmless from any causes of legal action or resulting damages that may occur in connection with a

breach by the Company of the terms of this Agreement.

9. Client Representations and Warranties. Client represents and warrants to the Company that (a) to the best of Client officers' knowledge and belief, any information furnished or to be furnished to the Company for use in the provision of the Company's advisory services, will contain no untrue statement of any material fact nor omit to state any material fact necessary to make the information furnished not misleading, except to the extent subsequently corrected prior to the date of use of such information with third parties and (b) that if the circumstances or facts relating to information or documents furnished to the Company change at any time subsequent to the furnishing of such document or information to the Company and prior to the date of the consummation of any transaction, Client will inform the Company promptly of such changes and forthwith deliver to the Company documents or information necessary to ensure the continued accuracy and completeness of all information and documents previously furnished.

10. Company Representations and Warranties. The Company represents to Client that during the term of this Agreement that (a) neither it nor its employees or agents, if any, will make any untrue statement of material fact, and (b) all actions taken by it and its employees and agents on behalf of Client, in connection with any advisory services, will be conducted in compliance with all applicable state and federal laws.

11. Other provisions.

(a) Non-Assignment. Neither the Client nor the Company may assign or transfer this Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld.

(b) Use of Logo. Neither party to this Agreement shall use the other party's marks, codes, drawings or specifications without the prior written permission of the other party.

(c) Public Announcements. All press releases pertaining to and in connection with the underlying transactions contemplated by this Agreement will name the Company as an advisor to the Client in connection with such transactions and will be subject to the Client and Company's joint approval.

(d) Independent Contractors. The parties agree that the Company is an independent contractor of Client, and nothing in this Agreement will be deemed to place the parties in any other relationship. As such, neither Company nor its Representatives shall have authority to enter into or execute any agreement, to incur any liability on behalf of Client, or to otherwise act on behalf of the Client.

(e) Non-Waiver/Severability. Failure of either party to enforce any of its rights hereunder will not be deemed to constitute a waiver of its future enforcement of such rights or any other rights. If any provisions of this Agreement are held to be invalid, illegal, or unenforceable under present or future laws, such provisions will be struck from the Agreement or amended, but only to the extent of their invalidity, illegality or unenforceability. The parties will remain legally bound by the remaining terms of this Agreement, and will strive to reform the Agreement in a manner as consistent as reasonably possible with the original intent of the parties as expressed herein.

(f) Force Majeure. Either party will be excused from any delay or failure in performance hereunder, caused by or due to any cause beyond its reasonable control, including, but not limited to acts of God, earthquake, flood, third party labor disputes, utility curtailments, power failures, explosions, civil disturbances, vandalism, riots, war, governmental actions, and acts or omissions of third parties. The obligations and rights of the party so excused will be extended on a day-to-day basis for the period of time equal to that of the underlying cause of the delay.

(g) Governing Law; Jurisdiction. This Agreement will be governed by and construed in accordance with the substantive laws of the State of California, without regard to conflict of law principles. Both parties submit to personal

jurisdiction in California and further agree that any cause of action relating to this Agreement shall be brought exclusively in a court in Los Angeles County, California.

(h) Integration. This Agreement expresses the complete and final understanding of the parties with respect to the subject matter hereof, and supersedes all prior communications between the parties, whether written or oral with respect to the subject matter hereof. No modification of this Agreement will be binding upon the parties hereto, unless in writing and executed by all of the parties hereto.

(i) Notices. Except where other means of communication are expressly provided for in this Agreement, all notices provided for under this Agreement will be in writing, signed by the party giving the same, and will be deemed properly given and received: (i) on the next business day after deposit for overnight delivery by an overnight courier service; or (ii) three business days after mailing, by registered or certified mail, return receipt requested. All such notices or other instruments or communications will be furnished with delivery or postage charges prepaid addressed to the Client at the address in paragraph 1 of this Agreement, or to the Company at the address listed on the letterhead of this Agreement. Either party may change its address for notices hereunder by written notice to the other party.

(j) Survival. The respective obligations of the parties hereto, which by their nature would continue beyond the termination or expiration of this Agreement, including without limitation, the obligations under paragraphs 4, 5, 6, 7 and 8 shall survive termination of this Agreement for the period provided by the applicable statute of limitations.

AEGIS EQUITY LLC

By: /s/Patrick Gaynes

Patrick Gaynes
Managing Director

ACCEPTED AND AGREED on this 11th day of November, 2005:

DIGICORP

By: /s/ William B. Horne

William B. Horne
Chief Executive Officer

Patient Safety Technologies, Inc.

By: /s/ Milton "Todd" Ault III

Milton "Todd" Ault III
Chief Executive Officer

EXHIBIT 31.1

CERTIFICATION

I, William B. Horne, certify that:

1. I have reviewed this annual report on Form 10-QSB of Digicorp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer is made known to us by others, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the small business issuer's disclosure controls and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions);

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

November 14, 2005

By: /s/ William B. Horne
- ----------------------------
William B. Horne
Chief Executive Officer and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Digicorp (the "Company") on Form 10-QSB for the fiscal quarter ended September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William B. Horne, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

November 14, 2005

By: /s/ William B. Horne

William B. Horne
Chief Executive Officer and
Chief Financial Officer