AMARU INC
Form 10-K
April 15, 2014

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 DECEMBER 31, 2013

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

FOR THE TRANSITION PERIOD FROM _______ TO ________

COMMISSION FILE NUMBER: 0-32695

AMARU, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada	**88-0490089**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

62 CECIL STREET, #06-00 TPI BUILDING, SINGAPORE 049710

(Address of Principal Executive Offices)(Zip Code)

Registrant's Telephone Number, Including Area Code: **(65) 6332 9287**

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of each exchange on which registered**
NONE	NONE

Securities Registered Pursuant to Section 12(g) of the Act:

Title of class

COMMON STOCK

$0.001 Par Value

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x

No o

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. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer o Non-accelerated filer o Smaller reporting company x

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

As of April 8, 2014, the aggregate market value of the registrant's voting common stock held by non-affiliates of the registrant computed by reference to the closing sale price of the common stock as of April 8, 2014 at $0.01 per share as reported by the FINRA OTC BB was $1,790,863. For purposes of this computation all officers, directors and 5% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed an admission that such officers, directors and beneficial owners are, in fact, affiliates of the registrant.

The number of shares outstanding of registrant's common stock, $0.001 par value per share, was 202,911,033 as of April 8, 2014. The registrant has no outstanding non-voting common equity.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980).

None

Amaru, Inc.

Annual Report on Form 10-K

For the Fiscal Year Ended December 31, 2013

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FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K for Amaru, Inc. (“Amaru” or the “Company”) and the exhibits attached hereto contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements concern the Company’s anticipated results and developments in the Company’s operations in future periods, planned development of the Company’s technology, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Such forward-looking statements include, among others, those statements including the words “expects”, “anticipates”, “intends”, “believes” and similar language. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section “Risk Factors.” We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this report.

The list in the section "Risk Factors" is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the sections titled “Description of the Business” and “Management’s Discussion and Analysis”. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

We qualify all the forward-looking statements contained in this annual report on Form 10-K by the foregoing cautionary statements.

PART I

ITEM 1: DESCRIPTION OF BUSINESS

BACKGROUND

Amaru, Inc., (the "Company") is in the business of broadband entertainment-on-demand, streaming via computers, television sets, PDAs (Personal Digital Assistant) and the provision of broadband services. Its business includes channel and program sponsorship (advertising and branding); online subscriptions, channel/portal development (digital programming services); content aggregation and syndication, broadband consulting services, broadband hosting and streaming services and E-commerce.

The Company was also in the business of digit gaming (lottery). The Company has an 18 year license to conduct nation wide lottery in Cambodia. The Company through its subsidiary, M2B Commerce Limited, signed an agreement with Allsports International Ltd, a British Virgin Islands company to operate and conduct digit games in Cambodia and to manage the digit games activities in Cambodia. On March 25, 2009, the Company was notified that the digit game lottery operations have been suspended by the government of Cambodia as part of the suspension of all lotteries in Cambodia.

The Company believes that the suspension of the digit games is expected to be permanent as the Government of Cambodia has closed the gaming business by the order of its Ministry of Economy and Finance. See Note 14.

The key business focus of the Company is to establish itself as the provider and creator of a new generation of Entertainment-on-Demand and E-Commerce Channels on Broadband and 3G (Third Generation) devices.

The Company delivers both wire and wireless solutions, streaming via computers, TV sets, PDAs and 3G hand phones.

The Company's business model in the area of broadband entertainment includes e-services, which provide the Company with multiple streams of revenue. Such revenues are then derived from advertising and branding (channel and program sponsorship); on-line subscriptions; channel/portal development (digital programming services); content aggregation and syndication; broadband consulting services; broadband hosting and streaming services; E-commerce commissions and on-line dealerships; and pay per view services.

The Company was incorporated under the laws of the state of Nevada in September, 1999. The Company's corporate offices are located at 62 Cecil Street, #06-00 TPI Building, Singapore 049710; telephone (65) 63329287. The corporate website is located at www.amaruinc.com. Information included on the website is not a part of this annual report.

As of February 25, 2004 (the "Closing Date"), Amaru acquired M2B World Pte. Ltd. (M2B World), a Singapore corporation, in exchange for 19,500,000 newly issued "restricted" shares of common voting stock of the Company and 143,000 "restricted" Series A Convertible Preferred Stock shares to the M2B World shareholders on a pro rata basis for the purpose of effecting a tax-free reorganization pursuant to sections 351, 354 and 368(a)(1)(B) of the Internal Revenue Code of 1986, as amended pursuant to the Agreement and Plan of Reorganization by and between the Company, M2B World and M2B World shareholders. As a condition of the closing of the share exchange transaction, certain shareholders of the Company cancelled a total of 1,457,500 shares of common stock. Each one (1) ordinary share of M2B World has been exchanged for 1.3636363 shares of the Company's Common Stock and 100 shares of the Company's Series A Convertible Preferred Stock. Each share of the Company's Series A Convertible Preferred Stock had a conversion rate of 38.461538 shares of the Company's common stock. Following the Closing Date, there were 20,000,000 shares of the Company's Common Stock outstanding and 143,000 shares of the Company's Series A Convertible Preferred Stock outstanding. Immediately prior to the Closing, there were 500,000 shares issued and outstanding. All of the Series A Convertible Preferred Stock was subsequently converted into shares of common stock of the Company.

The restructuring and re-capitalization has been treated as a reverse acquisition with M2B World becoming the accounting acquirer. The historical financial statements prior to the closing of the transaction are those of M2B World.

On May 17, 2010, the management of the Company concluded upon accepting the recommendation of its independent registered public accounting firm, Mendoza, Berger & Company, LLC, that the Company's audited financial statements for the fiscal year ended December 31, 2009 should no longer be relied upon. The Company amended its financial statements to provide that the asset of film library is fully impaired at December 31, 2009. Due to the material nature of the impairment of the Company's film library asset at and for the year ending December 31, 2009 and the fact that the film library failed to produce any of the budgeted revenue for the fiscal year, management has concluded that a full impairment of the film library was warranted and should have been recorded at December 31, 2009. The film library was impaired for the year ended 2009 in accordance with the requirements of impairment of long lived assets. The management of the Company believes that the film library as a long term asset still has an intrinsic value, to which it cannot presently quantify.

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BUSINESS OVERVIEW

The Company, through its subsidiaries under the M2B and WOWtv brand names, is in the Broadband Media Entertainment business, and a provider of interactive Entertainment-on-demand and e-commerce streaming over Broadband channels, Internet portals and 3G (Third Generation) Devices globally. The Company has launched multiple Broadband TV websites with Entertainment, with multiple content channels designed to cater to various consumer segments and lifestyles. Its content covers diverse genres such as movies, dramas, comedies, documentaries, music, fashion, lifestyle and more. The Company markets its products globally through its "M2B" and "WOWtv" brand names. Through these brands, the Company offers access to an expansive range of content libraries for aggregation, distribution and syndication on Broadband and other media, including rights for merchandising, product branding, promotion and publicity.

The Company was also in the business of digit gaming (lottery). The Company has an 18 year license to conduct nationwide lottery in Cambodia. The Company through its subsidiary, M2B Commerce Limited, signed an agreement with Allsports Limited, a British Virgin Islands company to operate and conduct digit games in Cambodia and to manage the digit games in Cambodia. On March 25, 2009, the Company was notified that the digit games were suspended by the Cambodia Government as part of the suspension of all lotteries in Cambodia. Although the Company is still a holder of the license, it cannot use it for the gaming business until the suspension of the digit games is lifted. At this time, the suspension of the digit games is expected to be permanent as the Government of Cambodia has closed the gaming business by the order of its Ministry of Economy and Finance.

Globally, Amaru, Inc. is expanding through several of its subsidiaries, including:

1.	M2B World, Inc.	- focuses on the US market
2.	M2B World Asia Pacific Pte. Ltd.	- oversees the Asia Pacific business and directs the Asian markets through this office and representative office in Chengdu, China
3.	M2B Australia Pty. Ltd.	- oversees Oceania markets
4.	M2B Commerce Limited	- focuses on digit games in Cambodia
5.	Amaru Holdings Limited	- focuses on content syndication and distribution in areas other than Asia Pacific region
6.	M2B World Holdings Limited	- focuses on content syndication and distribution in Asia Pacific region
7.	M2B World Pte. Ltd.	- provides management services to fellow

subsidiaries of the Company

8. Tremax International Limited - operates as an investment holding company

9. M2B World Travel Limited - oversees online travel and related business

The Company offers consumers personalized entertainment through its wide range of broadband streaming channels available via www.amaruinc.com and www.wowtv.com.

BUSINESS STRATEGY

Our business strategy is to become a diversified media, e-commerce and e-lifestyle company. We adopt the latest broadband, e-commerce and communications technology and leverage on our international content and programming expertise. This is how we deliver online entertainment, lifestyle products and services to our

customers.

Our goal is to constantly identify fresh market opportunities and to stay ahead of changes in the broadband media and related e-commerce industry. We believe that we can accomplish this by continuing to satisfy customers' needs for a convenient, comprehensive and personalized source of broadband video content, services and information with pleasant user experiences. Through our business plan implementation, we aim to become a leading Broadband Media Entertainment business, providing interactive Entertainment-on-demand and e-commerce streaming over Broadband channels, Internet portals, and 3G devices globally.

COMPETITIVE STRENGTHS

The Company's competitive strengths are:

- **CONTENT LIBRARY**

The Company owns a library of content that covers a wide range of genres, of which the majority includes worldwide rights in perpetuity on the broadband. This enables the Company to deliver a rich and diverse variety of on-demand streaming video content that suit the lifestyle and taste of different consumer segments, across different countries, thereby massing a global base of viewers to attract advertisers to its delivery platforms on the PC, 3G, 4G devices and TV. The Company has built relationships with content distributors in the U.S. and Asia that enables it to continually source for content that meet the changing demands and taste of the customers and advertisers. Upon the Company's most recently completed impairment evaluation (fourth quarter of fiscal year 2009), however, the film library was determined to be fully impaired during the year ended December 31, 2009. In conducting the analysis, the Company used a discounted cash flow approach in estimating fair value as market values could not be readily determined given the unique nature of the respective assets.

- **GLOBAL VIDEO STREAMING NETWORK**

The Company has also developed and implemented a global video streaming network that enables it to deliver high quality on-demand video streaming programs from its library of content rights to a worldwide audience of broadband users. This global video streaming network is completely integrated with firewalls, loading balancing protocols, bandwidth and consumer monitoring systems and payment gateways to enable worldwide billing. In addition, the Company has its own digital post-production and design capabilities to fully manage content rights protection, user experience and specialized programming for all its consumer-facing delivery platforms. This end-to-end broadband streaming infrastructure enables the Company to customize and diversify its products and services, incorporating video-on-demand and e-commerce services.

· **MULTIPLE REVENUE STRENGTHS**

The Company's diversified delivery platforms enable it to capitalize and generate multiple revenue streams by targeting different consumer segments over broadband, across different geographic markets. The multiple revenue streams comprise of advertising, subscriptions, sponsorships, online shopping and games, as well as licensing and content syndication and turn-key broadband consulting solutions. The Company's goal is not to be excessively dependent on any one single revenue source. Its library of content rights combined with its global video streaming network supports the Company's future growth strategy that focuses on multiple growth areas and territories. The Company can thereby cost-effectively tailor its broadband websites and services to suit different cultures, consumer behavior and clients needs in different geographical locations. The Company is also able to localize its products and services to sustain loyalty of its viewers and consumers.

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- **KEY ALLIANCES**

The Company has entered into strategic alliances and / or agreements with key providers to support the marketing and distribution of its products and services in different territories. Among its key providers are Baidu (China), Zingmobile Pte Ltd (Singapore), MOL Media Sdn Bhd (Malaysia), MOL AccessPortal Berhad (Malaysia), Webvisions Pte Ltd (Singapore), Zentek Technology (Japan), Auto TV Corporation Pte Ltd (Singapore), I-Concerts Asia Pacific (Singapore), Panasonic Asia Pacific Pte Ltd (Singapore), Starhub Mobile Pte Ltd (Singapore) and two regional advertising agencies, Admax Network Holdings Limited (based in Singapore) and Innity Sdn Bhd (based in Malaysia). The Company will continue to forge strategic partnership opportunities including the area of web-enabled mobile devices and extend its accessibility to customers of its broadband websites and services.

GROWTH STRATEGIES

The Company's growth strategies consist of:

- Continuing to build its library of content rights on the broadband to provide sustained high quality on-demand video-based entertainment and e-commerce that will maintain and grow its worldwide base of viewers.

- Penetrating new markets to deliver M2B and WOWtv branded content to any screen including PC, 3G and TV, as well as wireless mobile devices like PDAs and to establish new delivery channels to meet the changing preferences of viewers and consumers, worldwide.

- Capitalize on its growing worldwide viewer and consumer base by aggressively signing up subscribers, as well as advertisers onto its on-demand interactive broadband delivery channels for entertainment, online games and e-commerce.

Consumers access the Company's entertainment sites through its main website, www.amaruinc.com or directly go to the entertainment sites at www.wowtv.com.

NEW PRODUCTS

In August 2007, M2B World Asia Pacific Pte Ltd, a subsidiary company of Amaru which oversees the Asia Pacific markets, launched a new broadband entertainment web TV service, called WOWtv. The Company intends that WOWtv serve as its new brand for its broadband entertainment services. WOWtv had therefore combined and incorporated all the Company's previous entertainment websites into one leading site. WOWtv streams multiple video-on-demand channels of Hollywood and Asian entertainment.

In August 2008, a new enhanced version of WOWtv called WOWtv NEW was launched to promote further this premier personalized broadband entertainment channel.

The new enhanced site, WOWtv NEW is expected to customize user experience through expanded features. These features include:

High Definition streaming

- New Community and User Generated Content

- Live TV broadcast

- Social Networking

All these features compliment the existing extensive VOD service available on WOWtv.

The service was also designed into two main tiers, namely:

- Free Tier - Web TV channels are provided free to viewers without the need to register and are advertising supported.

- Subscription Tier - Web TV channels are provided to registered subscribers for a pay-per-view fee.

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The initiatives were taken to retain and expand viewership. The plan for an extended viewership base through the expanded features is expected to add value to the WOWtv service and potentially lead to new revenue sources and increase advertising revenue in the years ahead. No such revenues were received in fiscal year ended December 31, 2013.

The WOWtv service had, as of February 2009, been further developed and relaunched on a global basis in addition to the site in Singapore. In April 2009, the WOWtv service was extended to cover China with the launching of its Chinese site. The WOWtv global service is available on www.wowtv.com, the Singapore service on sg.wowtv.com. and the China service on cn.wowtv.com.

CONSUMER MARKETING

The Company's broadband entertainment websites attract viewers from all over the world. The Company's strategy of converting visitors into customers lies in a combination of incentives, including seasonal and purchase-related promotions that take advantage of the Company's customer database and broadband websites.

The Company plans to negotiate special rates and benefits to obtain access to a superior online inventory for the customers. The increasing scale of the business should enable the Company to negotiate on more favorable terms. Through research with visitors and customers, the Company is developing new programs and features (including personalization and loyalty incentives) that would turn visitors into customers and maintain loyalty.

The Company also employs a variety of online and traditional media programs and promotional activities such as:

(a) Advertising

The Company invests in both online and traditional advertising to drive traffic to our broadband websites. To generate traffic to M2B and WOWtv's broadband websites in a cost efficient manner, the Company purchased targeted keywords and textlinks in reasonably high volume. The Company also advertises in traditional print and broadcast media to increase the awareness of its service, product enhancements and retail offerings.

(b) Public Relations

The core of our public relations effort is media relations and industry analyst relations. We maintain relations with journalists and industry analysts to help secure unbiased, third-party endorsements for the Company. We pursue coverage by online publications, search engines and directories.

(c) Co-marketing, Promotions and Loyalty Programs

We intend to continue to establish significant co-marketing relationships to promote our service and to sponsor contests that offer M2B and WOWtv related prizes. These programs typically involve participation with our partners. We intend to enter into additional co-marketing relationships in support of our marketing strategy. From time to time, we offer various incentives and awards to our existing customer base. These incentives are designed to increase customer loyalty and awareness of the M2B and WOWtv brands.

(d) Direct Marketing

The Company maintains a database which includes customers' profiles and preferences and other key customer attributes. This data enables us to track the effectiveness of promotions and incentives and to understand seasonal and other trends in order to create and quickly implement marketing programs targeted to specific customer segments. In addition, we regularly communicate with our customers through targeted e-mail.

The Company intends to continue to implement programs to control the cost of revenues and reduce operating costs through technology and productivity management, economies of scale and financial controls. This strategy should enable us to provide our products to customers on a cost competitive basis.

BUSINESS SEGMENTS

The Company now has only one active segment, and the principal operations are carried out through the following services of our business:

Entertainment Services - Video on-Demand services for entertainment, providing the Company with advertising, subscriptions, online games and e-commerce revenues

ENTERTAINMENT SERVICES

The Company provides online entertainment on-demand on Broadband channels, Internet portals and 3G devices across the globe, for specific and identified viewer lifestyles, demographics and interests. Entertainment and web visit experience is maintained throughout from the initial viewing experience to on-line purchases and payment checkout experience.

The Company uses Broadband technology to provide its services. Broadband technology is defined as high speed, high-bandwidth, two-way data, voice and video communications, delivered at high transmission rates.

SERVICES: Broadband technology allows us to deliver the following services:

- Video-on-demand (VOD) services that enable individuals to select videos from a Central Server, on-demand 24 hours a day, 7 days a week, for viewing on:

- Television screens (Set top Box Technology), including connected TV

- PCs (Digital Subscriber Line (DSL) Technology) and mobile internet devices

  - Personal Digital Assistants(PDA), 3G and 4G hand phones (Wireless Technology)

- E-Commerce or online purchases - linked interactively to the VOD platforms on broadband. Consumers choose to buy products online as they watch the videos.

The Company applies broadband technologies to facilitate its growth in the broadband sector. Its main competitive advantage is derived from its ownership of rights for various territories on broadband for its contents i.e. movies, televisions, dramas and programs on lifestyles, business and glamour.

The Company has built and installed its broadband streaming system complete with firewalls, load balancing, bandwidth and consumer monitoring systems, which include video streaming, video storage and web servers in Singapore. The Company has also developed its streaming applications to stream into television sets, via a set top box.

The Company has developed a capability to stream wireless broadband and have its own digitized entertainment sites for wireless broadband applications.

The Company offers consumers personalized entertainment through its wide range of broadband streaming channels available at www.amaruinc.com, www.wowtv.com, sg.wowtv.com and cn.wowtv.com.

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Products: We offer the following products on the VOD platform:

- Entertainment - Consumers access movies, music, glamour and fashion, lifestyle (hobbies, cooking, and personalities), documentaries, sports, health and fitness and others. They can choose from a large number of different channels depending on their interests or lifestyle preferences.

- E-Commerce - Consumers can purchase products online, view videos on a pay-per-view basis and make payments online.

With this strategy, the Company aims to generate diversified sources of revenue from:

1. Advertising i.e. program and channel sponsorship

2. Online subscriptions

3. Channel/portal development i.e. digital programming services

4. Content aggregation and syndication

5. Broadband consulting services and online shopping turnkey solutions

6. E-commerce services

The Company is constantly in the process of redesigning and adding improvements to its Broadband websites. The current Broadband websites and products, which may change from time to time are highlighted below.

WOWTV - WEB TV SERVICE, CONNECTED TV AND WOWTV EMBEDDED TV

WOWtv, a broadband entertainment web TV service, has embarked on launching its site across the Asia Pacific, streaming multiple channels of Hollywood and Asian entertainment via video on-demand and providing E-commerce services. Its video on-demand content covers diverse genres such as movies, television dramas, variety shows, documentaries, fashion, lifestyle, sports, edutainment and more. WOWtv can be viewed on www.wowtv.com.

Beginning with Singapore, WOWtv is set to expand globally with its new global site and across the Asia Pacific. Having launched its global and China sites in 2009, it intends to expand its growing presence to specific territories, namely India, Indonesia and Malaysia within the next 12 months. The Company has plans to incorporate a video e-travel portal and possibly e-travel services within its WOWtv site. No assurance can be given that such plans will materialize as planned.

LEVERAGING ON THE STRENGTHS OF WOWTV

WOWtv is an innovative platform that we believe will establish a first mover advantage to become the first Pan-Asian broadband entertainment services provider. Its strengths and competitive advantages include:

Content Aggregation, Distribution and Syndication - with the technology and expertise to stream with high clarity and also manage operations and costs well.

Premium Content Portfolio - with a vast library of worldwide broadband rights of film and content, copyright ownership and exclusivity on the majority of broadband titles.

Strong relationships in Asia and Hollywood - with good connections to enable it to make further in-roads to content acquisition.

Broadband Distribution Deals - with secured broadband distribution deals with major media companies.

MARKETING STRATEGY OF WOWTV

WOWtv's marketing strategy is to offer viewers a plethora of video on-demand entertainment over two subsides on its website, where consumers will get a chance to sample its products and services in different tiers - Free and Subscription (Pay-Per-View).

DIGIT GAMES

The Company has an 18-year license to conduct nation wide lottery in Cambodia. The Company also signed an agreement with Allsports Limited, a British Virgin Islands company, to operate, administer, and manage the lottery digit games activities in Cambodia. On March 25, 2009, the Company was notified that the digit games were suspended by the Cambodia Government as part of the suspension of all lotteries in Cambodia. The suspension of the digit games is expected to be permanent as the Government of Cambodia has closed the gaming business by the order of its Ministry of Economy and Finance.

ONGOING DEVELOPMENTS

Currently, the Company's target markets are all Telcos, TV Stations and Broadcasters, ISPs, Smart TV, Smart Phone and Tablet manufacturers:

A. Creating Distribution Platforms for contents across various Smart TV, OTT, Smart Phones and Tablets.

B. The Company was awarded with an exciting project from iDA (Infocomm Development Authority) of Singapore for Developing a Content Hub for buying and selling content globally and revamping WOWtv services.

C. Value-added Services and Mobile TV solutions for the telecom operators. The Company has partnered with Value-added Services operators to work together in Asia Pacific region.

D. Selling Contents to local and regional Telcos and Broadcasters. The Company has contracts with Singtel and Starhub in Singapore. It is currently in discussion with regional Telcos in Malaysia, Indonesia, India, Vietnam, Middle East and China for Content cooperation.

Specific Country Focus

A. China

The Company is currently the only foreign listed Content Company for China Mobile (with 600 million subscribers). The Content censorship and approval process will take time in order to start providing contents to China.

B. Vietnam

The Company signed agreement with Nokia to roll out WOWtv applications on Nokia smartphones. The Company is working with other Telecom operators and broadcasters for providing contents and over-the-top content solutions for the local market. The Company has also signed a non-exclusive agreement with a Vietnamese company for Vietnam market in exploring content business in the local market for both selling and procuring.

D. India

As the Company sees the huge market in India, it is exploring integrating the Company's online contents for the Indian market.

The Company is working towards partnering with various Indian Content Providers, owners and distributors for Indian content targeted for expat channel under WOWtv. It has securely signed with couple of companies already in 2013 and is further seeking similar cooperation from other companies.

E. Singapore

The Company has signed a yearly renewable contract with Yahoo for providing content on daily basis.

The Company has signed an agreement with Google for providing WOWtv channel under YouTube for advertisement based revenue.

The Company has also signed an agreement with LG Electronics for providing WOWtv Smart TV Apps to their Smart TV for 9 countries in Asia Pacific.

The Company has also signed an agreement with Opera Software for providing M2B's WOWtv Apps on SONY and other similar Smart TVs globally.

The Company is working closely with various local content aggregators to bring some sports contents to its platforms.

The Company is working closely with M1, a local Telecom operator to provide contents including education for their Mobile TV and Value-added Services.

The Company is partnering with an education contents company on video-based learning program for children.

The Company has signed an agreement with Edgecast a US based company to provide CDN services for its ongoing smart TV and other smart devices under WOWtv platforms.

The Company has signed an agreement with The Dive Channel, a leading company in filming underwater related contents, and trader of diving equipment and accessories. Both parties agreed to work together to jointly develop, promote, own, operate and manage both Parties’ Intellectual Properties, technologies, solutions, Content, and Services.

The Company has been awarded by Info-communications Development Authority of Singapore a grant for the project M2B World Regional Video Services Hub under the Inforcomm Enterprises Scheme.

F Indonesia

The Company has signed an agreement with ARJUNA TV for providing both VOD and Live Content to M2B's Expat Channel platforms for targeting Indonesians across globe.

Other Media Co-operation for our Online Platform

The Company has kept its Contents relevant and at minimal cost, by securing choice Contents AutoMoto TV(Europe), FCCE (The Netherlands), Monarch Films (USA), ANTARA (Asia), Splash News & Picture (UK), Shortman Films (Asia), Arjuna TV, and Everymedia (Asia). During the fiscal year 2013, the Company also explored content collaboration with Singapore Mediacorp, Korean, Japanese, Malaysian, and China TV stations..

The content business is evolving very fast, with vast contents flooding the market. The Company has identified key market participants and plans to move forward to secure more subscribers and viewership.

Other business developments.

- Smart TV / Connected TV

The Company intends to introduce WOWtv Expats Channel, Lifestyle, Entertainment, and education content onto Connected TV for Samsung, Panasonic, SONY, LG, Skyworth, Hisense, SmartTVs and, Mobile devices.

The Company is working with other Connected TV companies for WOWtv applications on their TV sets.

- Expats Channel

The Company is working closely with Korean, Chinese, Indian, Japanese, Indonesian, and Malaysian content aggregators and broadcasters, to bring some Korean, Chinese, Indian, Japanese, Indonesian, and Malaysian contents to its platforms on Expat Channel.

- Satellite Teleport

Partnering with a Teleport facility in Japan which will provide uplink to 5 major Satellite and downlink services to 20 major Satellites. M2B will act as partner to this operator from Japan and initiate the business of providing such services to its current and future clients in the broadcast, cable and content business.

MARKETS

The business operations and financial results of the Company are directly affected by the markets that the Company operates in.

· **RISING DISPOSABLE INCOME AND USAGE OF PC AND BROADBAND TECHNOLOGY**

In many other parts of the world, especially emerging markets with growing use of PCs, Internet with fast growing number of broadband subscribers and rising disposable incomes, these markets offer significant growth potential.

· **THE ADVENT AND INCREASING ADOPTION OF BROADBAND TECHNOLOGY**

The advent of broadband technology and ever-increasing bandwidth has pushed for the next generation of online on-demand broadband entertainment as one of the desired applications that will meet the needs of increasingly demanding and bandwidth hungry consumers and enterprise. Such technology can be further enhanced by the coupling of value added services, namely Internet telephony communication services and E- Commerce, together with the Broadband entertainment sites.

The market consists of both the consumers and the enterprise. The demand from consumers is rich media content, on demand, highly interactive and fast. On the other hand the enterprise must reach out to such demands and the next generation through the new medium, or be left behind. To meet this demand, the Company has established relationships with major production houses, and access to major distributors worldwide. This is expected to put the Company in a position to acquire high quality, original video content. Such strategic positioning has resulted in the Company acquiring extensive content on broadband for multiple countries and for dedicated time periods.

The Company intends to continue to maximize on its key strength, the packaging of our content. The Company believes that it will shape the delivery of its content in the most cost effective manner and innovative way.

- **THE BOOMING ONLINE ADVERTISING MARKET**

Internet ad revenues surged to $20.1 billion, according to the IAB Internet Advertising Revenue Report (1) released in October, 2013 by the Interactive Advertising Bureau (IAB) and prepared by PwC US. This represents an 18 percent increase over last year’s first-half ad revenues of $17 billion. Maintaining the trend, second quarter 2013 internet ad revenues also saw an 18 percent year-over-year increase, reaching $10.3 billion, up from $8.7 billion in Q2 2012. According to the IAB Report:

- Mobile revenues soared to $3 billion in the first half of 2013, representing triple-digit growth at 145 percent, from $1.2 billion in the same period last year
- Digital video, a component of display-related advertising, took in $1.3 billion in revenue during the first six months of 2013, an uptick of 24 percent over the first half of 2012 at $1.1 billion
- Search revenues in the first half of 2013 totaled $8.7 billion, up 7 percent from $8.1 billion in the first half of 2012
- Display-related advertising revenues in the first half of 2013 totaled $6.1 billion, accounting for 30 percent of revenues in the time period, up 9 percent from $5.6 billion in the first half of 2012

According to Magna Global Advertising Forecast ("MG") for 2014 (December 9, 2013), Asia Pacific advertising revenues grew by an average of +6.3% in 2013, to $148.7bn, and MG anticipates acceleration to +8.7% in 2014. This is up from our previous growth forecast of +7.4% in 2014. Television is the largest media category in APAC, and will grow by +5.1% in 2013, up from +4.3% in 2012 to reach market share of 42.3% of total spend in the region. Digital is the fastest growing category and will grow by +22.4% in 2013 to reach $33.6bn. Digital media CAGR of 17.3% through 2018 means its share of total spend will increase from 22.6% in 2013 to 34.0% in 2018. Taken as a whole, the APAC region now represents approximately 30% of total global spend. Within APAC, China and Japan represent nearly two thirds of the total APAC advertising revenues. China is growing more quickly, however, and will pass Japan for the top spot in APAC as soon as 2015. The development of the markets within APAC varies significantly, however, with some very advanced markets such as Australia and some much underdeveloped markets such as India. The strongest growth markets in APAC are Vietnam (+27% growth in 2013), Indonesia (+16% growth in 2013) and the Philippines (+13% growth in 2013). Slower growth rates were recorded in Japan, Singapore, South Korea and Thailand (all around +2% growth in 2013).

(1) IAB sponsors the IAB Internet Advertising Revenue Report, which is conducted independently by the New Media Group of PwC. The results are considered the most accurate measurement of interactive advertising revenues because the data is compiled directly from information supplied by companies selling advertisements on the internet.

· **THE GROWTH OF THE VIDEO ON DEMAND MARKET**

In a new report, MarketsandMarkets anticipates that the Video On Demand (VOD) market will be worth $45.25 Billion by 2018. The VOD providers are consolidating their grounds in the highly competitive market through mergers and acquisitions to build feature-rich solutions and attain better market visibility.

MarketsandMarkets forecasts the video on demand market to grow from $21.08 billion in 2013 to $45.25 billion in 2018, at a CAGR of 16.5% during the forecast period. In terms of regions, North America is expected to be the biggest market in terms of revenue contribution, while Asia-Pacific (APAC) and Latin America (LA) are expected to experience increased market traction, during the forecast period.

COMPETITION

The Company faces intense competition in every aspect of our business, and particularly in the acquisition of content.

In the entertainment services business, we compete with free-to-air channels, cable operators as well as other broadband entertainment providers for distribution rights of programs in terms of price, quality and variety.

Traditional TV networks and cable TV operators today provide alternate sources of entertainment in a broadcast mode. In the future, it is expected that these networks may also extend their reach to the video-on-demand broadband service. This may put them in direct competition with us, although their entry costs will likely be higher and both the technical and manpower capabilities existing in these traditional companies will make it somewhat difficult for them to transit into new broadband media.

In our multi-player online gaming business, we face competition from the various gaming offerings on the market as well as the various gaming portals and platforms. In the subscription based multi-player online gaming business, the Company faces vigorous competition from the numerous games that are distributed free over the Internet. More generically, it also competes with console based games made for products like Playstation and X-box.

The Company also competes within the industry for advertising revenue and viewers. More generically, the Company faces competition from other leisure entertainment activities from Video CDs (especially in Asia), DVDs to cinemas, home theatres and emerging mobile multi-media kiosks and display panels.

The Company believes that it is competing favorably on the factors described above. However, the industry is evolving rapidly and is becoming increasingly competitive. Larger, more established companies than us are increasingly focusing on the video content, travel, and e-commerce businesses that directly compete with us.

INTELLECTUAL PROPERTY

The Company's intellectual property consists of trademarks, patents, copyrights, and other technology and trade secrets. In addition to technology that we develop internally, we license software or other technology from third parties. We also grant licenses to some of our intellectual property, such as trademarks, patents or websites technology, to our vendors and strategic partners.

GOVERNMENT REGULATION

The Company must comply with laws and regulations relating to our sales and marketing activities, including those prohibiting unfair and deceptive advertising or practices and those requiring us to register as a service provider in the spheres of business that we operate in, and with disclosure requirements.

Data collection, protection, security and privacy issues are a growing concern in the U.S., and in many countries around the world. Government regulation is evolving in these areas and could limit or restrict the Company's ability to market its products and services to consumers, increase the Company's costs of operation and lead to a decrease in demand for our products and services. US Federal, state and local governmental organizations, as well as foreign governments and regulatory agencies, are also considering legislative and regulatory proposals that directly govern Internet commerce, and will likely consider additional proposals in the future.

We do not know how courts will interpret laws governing Internet commerce or the extent to which they will apply existing laws regulating issues such as property ownership, sales and other taxes, libel and personal privacy to the Internet. The growth and development of the market for online commerce has prompted calls for more stringent consumer protection laws that may impose additional burdens on companies that conduct business online.

COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

The Company has not incurred, and does not expect to incur, material expenditures or obligations related to environmental compliance issues.

EMPLOYEES

The Company had 12 full time employees based in Singapore as of December 31, 2013.

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ITEM 1A: RISK FACTORS

An investment in the Company's common stock involves a high degree of risk. One should carefully consider the following risk factors in evaluating an investment in the Company's common stock. If any of the following risks actually occurs, the Company's business, financial condition, results of operations or cash flow could be materially and adversely affected. In such case, the trading price of the Company's common stock could decline, and one could lose all or part of one's investment. One should also refer to the other information set forth in this report, including the Company's consolidated financial statements and the related notes.

THE COMPANY CONTINUES TO USE SIGNIFICANT AMOUNTS OF CASH FOR ITS BUSINESS OPERATIONS, WHICH COULD RESULT IN US HAVING INSUFFICIENT CASH TO FUND THE COMPANY'S OPERATIONS AND EXPENSES UNDER OUR CURRENT BUSINESS PLAN. THE COMPANY IS ALSO HOLDING A CONSIDERABLE AMOUNT OF QUOTED EQUITY SECURITIES THAT ARE HELD FOR TRADING.

The Company's liquidity and capital resources remain limited. There can be no assurance that the Company's liquidity or capital resource position would allow us to continue to pursue its current business strategy. The Company's quoted equity securities held as assets are dependent on the market value. Any fluctuations or downturn in the securities market could adversely affect the value of these equity securities held. As a result, without achieving growth in its business along the lines it has projected, it would have to alter its business plan or further augment its cash flow position through cost reduction measures, sales of assets, additional financings or a combination of these actions. One or more of these actions would likely substantially diminish the value of its common stock.

THE MARKET MAY NOT BROADLY ACCEPT THE COMPANY'S BROADBAND WEBSITES AND SERVICES, WHICH WOULD PREVENT THE COMPANY FROM OPERATING PROFITABLY.

The Company must be able to achieve broad market acceptance for its Broadband websites and services, at a price that provides an acceptable rate of return relative to the Company-wide costs in order to operate profitably. There is no assurance that the market will develop sufficiently to enable the Company to operate its Broadband business profitably. Furthermore, there is no assurance that any of the Company's services will become generally accepted, nor is there any assurance that enough paying users and advertisers will ultimately be obtained to enable us to operate these business profitably.

BROADBAND USERS MAY FAIL TO ADOPT THE COMPANY'S BROADBAND SERVICES.

The Company's Broadband services are targeted to the growing market of Broadband users worldwide to deliver content and E-commerce in an efficient, economical manner over the Broadband networks. The challenge is to make the Company's business attractive to consumers, and ultimately, profitable. To do so has required, and will require, the Company to invest significant amounts of cash and other resources. There is no assurance that enough paying users and advertisers will ultimately be obtained to enable the Company to operate the business profitably.

FAILURE TO SIGNIFICANTLY INCREASE THE COMPANY'S USERS AND ADVERTISERS MAY RESULT IN FAILURE TO ACHIEVE CRITICAL MASS AND REVENUE TO BUILD A SUCCESSFUL BUSINESS.

The Company incurs significant up-front costs in connection with the acquisition of content, and bandwidth and network charges. The plan is to obtain recurring revenues in the form of subscription and advertising fees to use the Broadband services, either paid by the users or advertisers.

There is no assurance as to whether the Company will be able to maintain, or whether and how quickly the Company will be able to increase its user base, or whether the Company will be able to generate recurring subscription and advertising fees to such a level that would enable this line of business to continue to operate profitably. If the Company is not successful in these endeavors, the Company could be required to revise its business model, exit or reduce the scale of the business, or raise additional capital.

COMPETITION IN THE BROADBAND BUSINESS IS EXPECTED TO INCREASE, WHICH COULD CAUSE THE BUSINESS TO FAIL.

The Company's Broadband services are targeted to the end user market. As the Broadband penetration rates increase globally, an increasing number of well-funded competitors have entered the market. Companies that compete with the Company's business include telecommunications, cable, content management and network delivery companies.

The Company may face increased competition as these competitors partner with others or develop new Broadband websites and service offerings to expand the functionality that they can offer to their customers. These competitors may, over time, develop new technologies and acquire content that are perceived as being more secure, effective or cost efficient than the Company. These competitors could successfully garner a significant share of the market, to the exclusion of the Company. Furthermore, increased competition could result in pricing pressures, reduced margins, or the failure of the business to achieve or maintain market acceptance, any one of which could harm the business.

THE INABILITY TO SUCCESSFULLY EXECUTE TIMELY DEVELOPMENT AND INTRODUCTION OF NEW AND RELATED SERVICES AND TO IMPLEMENT TECHNOLOGICAL CHANGES COULD HARM THE BUSINESS.

The evolving nature of the Broadband business requires the Company to continually develop and introduce new and related services and to improve the performance, features, and reliability of the existing services, particularly in response to competitive offerings.

The Company has under development new features and services for its businesses. The Company may also introduce new services. The success of new or enhanced features and services depends on several factors - primarily market acceptance. The Company may not succeed in developing and marketing new or enhanced features and services that respond to competitive and technological developments and changing customer needs. This could harm the business.

CAPACITY LIMITS ON THE COMPANY'S TECHNOLOGY AND NETWORK HARDWARE AND SOFTWARE MAY BE DIFFICULT TO PROJECT, AND THE COMPANY MAY NOT BE ABLE TO EXPAND AND/OR UPGRADE ITS SYSTEMS TO MEET INCREASED USE, WHICH WOULD RESULT IN REDUCED REVENUES.

While the Company has ample through-put capacity to handle its customers' requirements for the medium term, at some point it may be required to materially expand and/or upgrade its technology and network hardware and software. The Company may not be able to accurately project the rate of increase in usage of its network. In addition, it may not be able to expand and/or upgrade its systems and network hardware and software capabilities in a timely manner to accommodate increased traffic on its network. If the Company does not appropriately expand and/or upgrade our systems and network hardware and software in a timely fashion, it may lose customers and revenues.

INTERRUPTIONS TO THE DATA CENTERS AND BROADBAND NETWORKS COULD DISRUPT BUSINESS, AND NEGATIVELY IMPACT CUSTOMER DEMAND FOR THE COMPANY.

The Company's business depends on the uninterrupted operation at the data centers and the broadband networks run by the various service providers. The data centers may suffer for loss, damage, or interruption caused by fire, power loss, telecommunications failure, or other events beyond the Company's control. Any damage or failure that causes interruptions in the Company's operations could materially harm business, financial conditions, and results of operations.

In addition, the Company's services depend on the efficient operation of the Internet connections between customers and the data centers. The Company depends on Internet service providers efficiently operating these connections. These providers have experienced periodic operational problems or outages in the past. Any of these problems or outages could adversely affect customer satisfaction and customers could be reluctant to use our Internet related services.

THE COMPANY MAY NOT BE ABLE TO ACQUIRE NEW CONTENT, OR MAY HAVE TO DEFEND ITS RIGHTS IN INTELLECTUAL PROPERTY OF THE CONTENT THAT IS USED FOR ITS SERVICES WHICH COULD BE DISRUPTIVE AND EXPENSIVE TO ITS BUSINESS.

The Company may not be able to acquire new content, or may have to defend its intellectual property rights or defend against claims that it is infringing the rights of others, where its content rights are concerned. Intellectual property litigation and controversies are disruptive and expensive. Infringement claims could require us to develop non-infringing services or enter onto royalty or licensing arrangements. Royalty or licensing arrangements, if required, may not be obtainable on terms acceptable to the Company. The business could be significantly harmed if the Company is not able to develop or license new content. Furthermore, it is possible that others may license substantially equivalent content, thus enabling them to effectively compete against us.

THE COMPANY DEPENDS ON KEY PERSONNEL.

The Company depends on the performance of its senior management team. Its success depends on its ability to attract, retain, and motivate these individuals. There are no binding agreements with any of its employees that prevent them from leaving the Company at any time. There is competition for these people. The loss of the services of any of the key employees or failure to attract, retain, and motivate key employees could harm the business.

THE COMPANY RELIES ON THIRD PARTIES.

If critical services and products that the Company sources from third parties, such as content and network services were to no longer be made available to the Company or at a considerably higher price than it currently pays for them, and suitable alternatives could not be found, the business could be harmed.

THE COMPANY COULD BE AFFECTED BY GOVERNMENT REGULATION.

The list of countries to which our solutions and services could not be exported could be revised in the future. Furthermore, some countries may in the future impose restrictions on streaming of broadband contents and related services. Failure to obtain the required governmental approvals would preclude the sale or use of services in international markets and therefore, harm the Company's ability to grow sales through expansion into international markets. While regulations in almost all countries in which our business currently operates generally permit the broadband services, such regulations in future may not be as favorable and may impede our ability to develop business.

THE COMPANY COULD BE AFFECTED BY PIRACY IN ASIA.

The Company is in the process of expanding its services globally, and in particular is entering specific countries in Asia with customized country sites. These country sites are designated to suit viewership patterns and styles in the countries they are launched in, and make use of the Company's content and intellectual property rights to the content. The piracy of content is a significant problem in many Asian countries, and it is not uncommon to see movies and television dramas appearing on illegal internet sites, and sold as pirated DVDs and VCDs. The extent of this piracy of content in the specific countries that the Company is launching its sites will adversely affect to a certain degree the amount of advertising and subscription revenues that the Company intends to earn.

THE COMPANY COULD BE AFFECTED BY ECONOMIC DOWNTURNS

The global economy underwent a massive downturn in 2009, which commenced in the second half of 2008. Many countries were faced with negative growth rates. Where the media industry was concerned, major corporations reduced their advertising expenditures or even cut back substantially all advertising and promotional expenditures towards the later half of 2008. The Company is heavily reliant on advertising and syndication revenues. Any future downturns in any one country that the Company operates its WOWtv service would significantly affect the Company's revenues.

OUR COMMON STOCK IS CONSIDERED A "PENNY STOCK". THE APPLICATION OF THE "PENNY STOCK" RULES TO OUR COMMON STOCK COULD LIMIT THE TRADING AND LIQUIDITY OF THE COMMON STOCK, ADVERSELY AFFECT THE MARKET PRICE OF OUR COMMON STOCK AND INCREASE THE TRANSACTION COSTS TO SELL THOSE SHARES.

Our common stock is a "low-priced" security or "penny stock" under rules promulgated under the Securities Exchange Act of 1934, as amended. In accordance with these rules, broker-dealers participating in transactions in low-priced securities must first deliver a risk disclosure document which describes the risks associated with such stocks, the broker-dealer's duties in selling the stock, the customer's rights and remedies and certain market and other information. Furthermore, the broker-dealer must make a suitability determination approving the customer for low-priced stock transactions based on the customer's financial situation, investment experience and objectives. Broker-dealers must also disclose these restrictions in writing to the customer, obtain specific written consent from the customer, and provide monthly account statements to the customer. The effect of these restrictions will likely decrease the willingness of broker-dealers to make a market in our common stock, will decrease liquidity of our common stock and will increase transaction costs for sales and purchases of our common stock as compared to other securities.

THE STOCK MARKET IN GENERAL HAS EXPERIENCED VOLATILITY THAT OFTEN HAS BEEN UNRELATED TO THE OPERATING PERFORMANCE OF LISTED COMPANIES. THESE BROAD FLUCTUATIONS MAY BE THE RESULT OF UNSCRUPULOUS PRACTICES THAT MAY ADVERSELY AFFECT THE PRICE OF OUR STOCK, REGARDLESS OF OUR OPERATING PERFORMANCE.

Shareholders should be aware that, according to SEC Release No. 34-29093 dated April 17, 1991, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. The occurrence of these patterns or practices could increase the volatility of our share price.

WE DO NOT EXPECT TO PAY DIVIDENDS FOR THE FORESEEABLE FUTURE, AND WE MAY NEVER PAY DIVIDENDS. INVESTORS SEEKING CASH DIVIDENDS SHOULD NOT PURCHASE OUR COMMON STOCK.

We currently intend to retain any future earnings to support the development of our business and do not anticipate paying cash dividends in the foreseeable future. Our payment of any future dividends will be at the discretion of our Board of Directors after taking into account various factors, including but not limited to our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at the time. In addition, our ability to pay dividends on our common stock may be limited by Nevada state law. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize a return on their investment. Investors seeking cash dividends should not purchase our common stock.

FUTURE SALES OF OUR COMMON STOCK COULD PUT DOWNWARD SELLING PRESSURE ON OUR COMMON STOCK, AND ADVERSELY AFFECT THE PER SHARE PRICE. THERE IS A RISK THAT THIS DOWNWARD PRESSURE MAY MAKE IT IMPOSSIBLE FOR AN INVESTOR TO SELL SHARES OF COMMON STOCK AT ANY REASONABLE PRICE, IF AT ALL.

Future sales of substantial amounts of our common stock in the public market or the perception that such sales could occur, could put downward selling pressure on our common stock and adversely affect its market price.

THE OVER THE COUNTER BULLETIN BOARD IS A QUOTATION SYSTEM, NOT AN ISSUER LISTING SERVICE, MARKET OR EXCHANGE. THEREFORE, BUYING AND SELLING STOCK ON THE OTC BULLETIN BOARD IS NOT AS EFFICIENT AS BUYING AND SELLING STOCK THROUGH AN EXCHANGE. AS A RESULT, IT MAY BE DIFFICULT FOR YOU TO SELL YOUR COMMON STOCK OR YOU MAY NOT BE ABLE TO SELL YOUR COMMON STOCK FOR AN OPTIMUM TRADING PRICE.

The Over the Counter Bulletin Board (the "OTC BB") is a regulated quotation service that displays real-time quotes, last sale prices and volume limitations in over-the-counter securities. Because trades and quotations on the OTC Bulletin Board involve a manual process, the market information for such securities cannot be guaranteed. In addition, quote information, or even firm quotes, may not be available. The manual execution process may delay order processing and intervening price fluctuations may result in the failure of a limit order to execute or the execution of a market order at a significantly different price. Execution of trades, execution reporting and the delivery of legal trade confirmations may be delayed significantly. Consequently, one may not be able to sell shares of our common stock at the optimum trading prices.

When fewer shares of a security are being traded on the OTC Bulletin Board, volatility of prices may increase and price movement may outpace the ability to deliver accurate quote information. Lower trading volumes in a security may result in a lower likelihood of an individual's orders being executed, and current prices may differ significantly from the price one was quoted by the OTC Bulletin Board at the time of the order entry. Orders for OTC Bulletin Board securities may be canceled or edited like orders for other securities. All requests to change or cancel an order must be submitted to, received and processed by the OTC Bulletin Board. Due to the manual order processing involved in handling OTC Bulletin Board trades, order processing and reporting may be delayed, and an individual may not be able to cancel or edit his order. Consequently, one may not be able to sell shares of common stock at the optimum trading prices.

The dealer's spread (the difference between the bid and ask prices) may be large and may result in substantial losses to the seller of securities on the OTC Bulletin Board if the common stock or other security must be sold immediately. Further, purchasers of securities may incur an immediate "paper" loss due to the price spread. Moreover, dealers trading on the OTC Bulletin Board may not have a bid price for securities bought and sold through the OTC Bulletin Board. Due to the foregoing, demand for securities that are traded through the OTC Bulletin Board may be decreased or eliminated.

We generated a net loss of $2,660,580 and a gain of $155,833 before taxes for the year ended December 31, 2013 and 2012, respectively. We may be unable to continue as a going concern.

Our consolidated financial statements have been prepared on a going concern basis which assumes that we will be able to realize our assets and discharge our liabilities in the normal course of business for the foreseeable future. We generated a consolidated net loss before taxes of $2,660,580 for the year ended December 31, 2013 compared to a consolidated net gain before taxes of $155,833 during 2012. We realized a negative cash flow operating activities of $445,891 during 2013 compared to $900,540 in 2012. At December 31, 2013, we had an accumulated deficit of $42,759,864 and a working capital deficiency of $3,107,722 compared to an accumulated deficit of $40,251,993 and a working capital deficiency of $2,337,776 at December 31, 2012. At December 31, 2013, we had a stockholders' deficit of $3,104,784 compared to a stockholders' deficit of $779,980 at December 31, 2012. Our ability to continue as a going-concern is in substantial doubt as it is dependent on a number of factors including, but not limited to, our ability to generate profitable operations and related positive cash-flow therefrom the receipt of continued financial support from our investors, our ability to market and sell domain name assets for cash, our ability to raise equity or debt financing as we need it, and whether we will be able to use our securities to meet certain of our liabilities as they become payable. The outcome of these matters is dependent on factors outside of our control and cannot be predicted at this time.

ITEM 1B: UNRESOLVED STAFF COMMENTS

As a smaller reporting company, we are not required to provide this information.

ITEM 2: PROPERTIES

The headquarters for operations and management is located in Singapore in an office space of about 3,928 square feet. We entered into a two year operating lease paying a monthly rent of $9,834 (S$12,000). The headquarters is currently located at 62 Cecil Street, TPI Building, #06-00.

The Company's office in West Hollywood, California, was closed and the lease for the office space was not renewed on August 21, 2011 as a part of the Company's cost reduction measures. From January 1, 2011 until August 21, 2011, the office space in the U.S. was leased on a monthly basis and the rent was $10,530 per month. The Company currently does not maintain an office space in the US.

We believe that our existing facilities are adequate to meet our current needs and that suitable additional or alternative space will be available in the future on commercially reasonable terms, although we have no assurance that future terms would be as favorable as our current terms.

The Company has not invested in any real property at this time nor does the Company intend to do so. The Company has no formal policy with respect to investments in real estate or investments with persons primarily engaged in real estate activities.

ITEM 3: LEGAL PROCEEDINGS

On September 15, 2008, M2B Commerce Limited filed a lawsuit in the Kingdom of Cambodia for breach of the Performance and Maintenance Agreement dated May 20, 2005 between M2B Commerce Limited and Allsports International Ltd, by Allsports International Ltd seeking damages in the total amount of $794,189 and calling for the termination of the Performance and Maintenance Agreement.

On December 4, 2008, M2B Commerce Limited filed two further lawsuits in the Kingdom of Cambodia against the owners of Allsports International Ltd, in support of its earlier suit of September 15, 2008 against Allsports International Ltd for breach of the Performance and Maintenance Agreement dated May 20, 2005. One lawsuit was against the four principal officers of Allsports International Ltd for breach of trust of the total amount of $794,189 owing to M2B Commerce Limited. The other lawsuit was to get Allsports International Ltd to transfer the shares of the Lottery Company to M2B Commerce Limited, in lieu of the earlier lawsuit of September 15, 2008 which called for the termination of the Performance and Maintenance Agreement.

With the suspension of all digit gaming operations by the Cambodia Government in March 2009, and which the suspension is expected to be permanent, no progress has been made by the Cambodian Courts with respect to the three lawsuits filed on September 15, 2008 and December 4, 2008 in the Kingdom of Cambodia. The Company believes that the Cambodian Courts are not likely to pursue these legal cases with the parties concerned in the light of the digit games suspension in Cambodia.

On November 7, 2008, M2B World Asia Pacific Pte. Ltd was served a summons in Singapore by M2B Game World Pte. Ltd, a company owned 81% by Auston International Group Limited and 19% by M2B World Pte. Ltd, claiming a sum of US$153,744 (S$235,229) in unpaid invoices in 2006. Following this, M2B World Asia Pacific Pte. Ltd filed a counter claim to strike off this summons on the basis that the invoices were non-existent and that M2B World Asia Pacific Pte. Ltd was not yet incorporated as a company as of the date of the invoices produced by M2B Game World Pte. Ltd.

On February 23, 2009, M2B World Pte Ltd was served a summons in Singapore by Auston International Group Limited, claiming a sum of US$496,765 (S$760,050) to be paid as shortfall in Guaranteed Profit to M2B Game World Pte. Ltd for financial years 2006 and 2007, as part of the agreement for the acquisition of M2B Game World in December 20, 2005 between M2B World Pte Ltd and Auston International Group Limited. On March 20, 2009 in response to this summons, M2B World Pte. Ltd filed a counter-claim against Auston International Group Limited to claim damages amounting to US$1,568,172 and other damages as a result of material breaches on the part of Auston International Group Limited to the agreement of December 20, 2005 for the acquisition of M2B Game World Pte Ltd.

The Plaintiffs (Auston) have (on 12 May 2010) been granted leave to amend their Statement of Claim and M2B World Pte. Ltd has had its application for discovery of the 2006 and 2007 audited accounts of Auston granted.

On August 23, 2011, the Plantiffs (Auston) had filed a Notice of Discontinuance to finally dismiss and discontinue the legal proceedings and M2B World Pte. Ltd has also filed a Notice of Discontinuance for final dismiss and discontinuance of the counterclaim against the Plaintiffs.

On October 16, 2013, M2B World Asia Pacific Pte Ltd. (“Plaintiff”), a subsidiary of the Company, filed a civil claim against a director (“Defendant”) of a subsidiary of a company listed on the Singapore Stock Exchange for repayment of US$1,000,000, representing a commission received in advance by the Defendant in exchange for procurement of a significant advertising contract on the Plaintiffs behalf. On March 7, 2014, a judgment was rendered in favor of the Plaintiff in the sum of US$1,000,000 and interest at the rate of 5.33% per annum from the date of the claim. On April 7, 2014, the Defendant filed an appeal to the highest court. The outcome of this claim is uncertain as of the date of report.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES PUBLIC MARKET

Our common stock trades on the Financial Industry Regulatory Authority ("FINRA") over-the-counter Bulletin Board market ("OTCBB") under the symbol "AMRU". As of March 1, 2014, there were 394 holders of our common stock. The price of the Company's stock as of March 1, 2014 was $0.011.

The Company's high and low closing bid and close information for the fiscal years ended December 31, 2013 and 2012 is listed as provided by the Nasdaq website. Quotations reflect inter-dealer prices, without retail mark-up, markdown, or commission and may not represent actual transactions.

	Open	High	Low	Close/Last*
Year Ended December 31, 2013				
First Quarter	$0.03	$0.03	$0.03	$ 0.03
Second Quarter	$0.01	$0.01	$0.01	$ 0.01
Third Quarter	$0.04	$0.04	$0.04	$ 0.04
Fourth Quarter	$0.011	$0.011	$0.011	$ 0.011
Year Ended December 31, 2012				
First Quarter	$0.015	$0.015	$0.015	$ 0.015
Second Quarter	$0.009	$0.009	$0.009	$ 0.009
Third Quarter	$0.02	$0.02	$0.02	$ 0.02
Fourth Quarter	$0.01	$0.01	$0.01	$ 0.01

* Closing price is provided as of the last day of the month.

DIVIDENDS

The Company does not expect to pay any dividends at this time. The payment of dividends, if any, will be contingent upon the Company's revenues and earnings, capital requirements, and general financial condition. The payment of any dividends will be within the discretion of the Company's Board of Directors and may be subject to restrictions under the terms of any debt or other financing arrangements that the Company may enter into in the future.

RECENT SALE OF UNREGISTERED SECURITIES

On January 21,2011, the Company issued a total of 1,012,731 shares of common stock through its private placement of shares of common stock at a purchase price of $0.027 per share for a total amount of $27,343.74, to an "accredited investor", as that term is defined in Regulation D of the Securities Act of 1933.

On January 31, 2011, the Company issued a total of 2,840,909 shares of common stock through its private placement of shares of common stock at a purchase price of $0.022 per share for a total amount of $62,500.00, to an "accredited investor", as that term is defined in Regulation D of the Securities Act of 1933.

From February 17, 2011 to April 25, 2011, the Company issued a total of 11,137,008 shares of its common stock through its private placement of shares of common stock at a purchase price of $0.02 per share for a total amount of $222,740.16, to "accredited investors", as that term is defined in Regulation D of the Securities Act of 1933.

From July 26, 2011 to December 8, 2011, the Company issued a total of 4,565,155 shares of Series B Convertible Preferred Stock ("Preferred Stock") through its private placement of shares of Preferred Stock at a purchase price of $0.15 per share for a total amount of $684,773.25, to "accredited investors", as that term is defined in Regulation D of the Securities Act of 1933. Each share of Series B Convertible Preferred Stock is convertible into ten (10) shares of common stock.

The total amount of funds raised through the private placement of shares of Preferred Stock for the year ended December 31, 2011 was $684,773.25. The proceeds of the private placement were used for working capital.

The shares of the Company's preferred stock in above private placements were issued and sold in reliance upon the exemption provided by Section 4(2) and/or Regulation D/Regulation S of the Securities Act of 1933. Appropriate investment representations were obtained from the investors.

The total amount of funds raised through the private placements of shares of common stock for the year ended December 31, 2011 was $312,583.90. The total proceeds were used for working capital.

From January 19, 2012 to August 27, 2012, the Company issued a total of 1,561,103 shares of Series B Convertible Preferred Stock ("Preferred Stock") through its private placement of shares of Preferred Stock at a purchase price of $0.15 per share for a total amount of $234,165.44, to "accredited investors", as that term is defined in Regulation D of the Securities Act of 1933. Each share of Series B Convertible Preferred Stock is convertible into ten (10) shares of common stock.

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The total amount of funds raised through the private placement of shares of Preferred Stock for the year ended December 31, 2012 was $234,165.44. The proceeds of the private placement were used for working capital.

The shares of the Company's preferred stock in above private placements were issued and sold in reliance upon the exemption provided by Section 4(2) and/or Regulation D/Regulation S of the Securities Act of 1933. Appropriate investment representations were obtained from the investors.

In fiscal year ending December 31, 2013, the Company issued a total of 2,604,424 shares of preferred stock through its private placement of shares of Series B Convertible Preferred Stock at a purchase price of $0.10 per share for a total amount of $260,442, to "accredited investors", as that term is defined in Regulation D of the Securities Act of 1933. Each share of Series B Convertible Preferred Stock is convertible into ten (10) shares of common stock. The total proceeds were used for the working capital of the Company. The shares of the Company's preferred stock in above private placement were issued and sold in reliance upon the exemption provided by Section 4(2) and/or Regulation D/Regulation S of the Securities Act of 1933. Appropriate investment representations were obtained and the securities were issued with restrictive legends.

EQUITY COMPENSATION PLAN

The Company's 2004 Equity Compensation Plan has 2,921,260 million shares remaining as of December 31, 2013. In 2007 and 2008, no shares were issued under the Company's 2004 Equity Compensation Plan. In 2006 and 2005, the Company issued 420,000 shares and 58,740 shares respectively under the 2004 Equity Compensation Plan. There are no outstanding options under the 2004 Equity Compensation Plan.

ITEM 6: SELECTED FINANCIAL DATA

The following selected consolidated financial data is derived from the Company's audited financial statements. These data is not necessarily indicative of results of future operations, and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations under Item 7 and, the Consolidated Financial Statements and Notes to Consolidated Financial Statements under Item 8.

No cash dividends were declared in any of the years shown below:

	Years Ended December 31, 2013	2012
Statement of Operations Data:		
Revenues (1)	$27,924	$19,012
Cost of Services	146,060	89,845
Gross Profit (Loss)	(118,136)	(70,833)
Operating income (loss)	(1,076,442)	(975,911)
Net Income (loss)	(2,660,580)	155,833
Basic and diluted income (loss) per share	(0.01)	0.00
Shares used in computing basic and diluted income/loss per common share	202,001,962	200,774,492
BALANCE SHEET DATA:		
Working Capital (Deficit)	(3,107,722)	(2,337,776)
Total Assets	238,723	2,500,423
Long-term obligations	–	–
Stock holders' (Deficit)	(3,104784)	(779,980)

NOTES ON SELECTED FINANCIAL DATA

(1) The digit gaming operations were suspended in March 2009 by the Cambodia Government, as part of the suspension of all lotteries in Cambodia, resulting in the termination of such revenues in 2008.

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PRELIMINARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

ALL FORWARD-LOOKING STATEMENTS CONTAINED HEREIN ARE DEEMED BY THE COMPANY TO BE COVERED BY AND TO QUALIFY FOR THE SAFE HARBOR PROTECTION PROVIDED BY THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. PROSPECTIVE SHAREHOLDERS SHOULD UNDERSTAND THAT SEVERAL FACTORS GOVERN WHETHER ANY FORWARD - LOOKING STATEMENT CONTAINED HEREIN WILL BE OR CAN BE ACHIEVED. ANY ONE OF THOSE FACTORS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED HEREIN. THESE FORWARD - LOOKING STATEMENTS INCLUDE PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS, INCLUDING PLANS AND OBJECTIVES RELATING TO THE PRODUCTS AND THE FUTURE ECONOMIC PERFORMANCE OF THE COMPANY. ASSUMPTIONS RELATING TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE AND MARKET CONDITIONS, FUTURE BUSINESS DECISIONS, AND THE TIME AND MONEY REQUIRED TO SUCCESSFULLY COMPLETE DEVELOPMENT PROJECTS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY AND MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY. ALTHOUGH THE COMPANY BELIEVES THAT THE ASSUMPTIONS UNDERLYING THE FORWARD - LOOKING STATEMENTS CONTAINED HEREIN ARE REASONABLE, ANY OF THOSE ASSUMPTIONS COULD PROVE INACCURATE AND, THEREFORE,THERE CAN BE NO ASSURANCE THAT THE RESULTS CONTEMPLATED IN ANY OF THE FORWARD - LOOKING STATEMENTS CONTAINED HEREIN WILL BE REALIZED. BASED ON ACTUAL EXPERIENCE AND BUSINESS DEVELOPMENT, THE COMPANY MAY ALTER ITS MARKETING, CAPITAL EXPENDITURE PLANS OR OTHER BUDGETS, WHICH MAY IN TURN AFFECT THE COMPANY'S RESULTS OF OPERATIONS. IN LIGHT OF THE SIGNIFICANT UNCERTAINTIES INHERENT IN THE FORWARD - LOOKING STATEMENTS INCLUDED THEREIN, THE INCLUSION OF ANY SUCH STATEMENT SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE COMPANY OR ANY OTHER PERSON THAT THE OBJECTIVES OR PLANS OF THE COMPANY WILL BE ACHIEVED.

You should read the following discussion of our financial condition and results of operations together with our consolidated financial statements and the notes to our consolidated financial statements included elsewhere in this report.

General

The Company is in the business of broadband entertainment-on-demand, streaming via computers, television sets, and 3G (Third Generation) devices and the provision of broadband services. Its business includes channel and program sponsorship (advertising and branding); online subscriptions, channel/portal development (digital programming services); content aggregation and syndication, broadband consulting services, broadband hosting and streaming services and E-commerce.

The Company was also in the business of digit gaming (lottery). The Company has an 18 year license to conduct nationwide lottery in Cambodia. The Company through its subsidiary, M2B Commerce Limited, signed an agreement with Allsports Limited, a British Virgin Islands company to operate and conduct digit games in Cambodia and to manage the digit games in Cambodia. On March 25, 2009, the Company was notified that the digit games were suspended by the Cambodia Government as part of the suspension of all lotteries in Cambodia. Although the Company is still a holder of the license, it cannot use it for the gaming business until the suspension of the digit games is lifted. At this time, the suspension of the digit games is expected to be permanent as the Government of Cambodia has closed the gaming business by the order of its Ministry of Economy and Finance.

The following discussion should be read in conjunction with selected financial data and the financial statements and notes to financial statements.

OVERVIEW

The business focus of the Company is Entertainment-on-Demand and E-Commerce Channels on Broadband, and 3G (Third Generation) devices.

For the broadband, the Company delivers both wire and wireless solutions, streaming via computers, TV sets, PDAs and 3G hand phones.

The Company's business model in the area of broadband entertainment includes focuses on e-services, which provides the Company with multiple streams of revenue. Such revenues would be derived from advertising and branding (channel and program sponsorship); on-line subscriptions; channel/portal development (digital programming services); content aggregation and syndication; broadband consulting services; broadband hosting and streaming services; E-commerce commissions and on-line dealerships.

In fiscal 2008, the business was reorganized under the following entities to spearhead the expansion of the Company's business and focus on specific growth areas and territories.

M2B WORLD PTE. LTD.

M2B World Pte. Ltd. was incorporated on April 3, 2003. This subsidiary used to oversee the management and operation of the Company as a whole and oversees the Asian business. With effect from September 1, 2006, the Company's Asian business was overseen by another subsidiary, M2B World Asia Pacific Pte. Ltd.

The Company took an investment on May 16, 2005 for a 9.1% equity position with a company called Activ Lifestyle Pte Ltd in Singapore to help facilitate Amaru Inc.'s diversification into the health and wellness market.On September 27, 2005, the Company raised its investment in Activ Lifestyle Pte Ltd to 12.6%. This was further increased to 17.4% as of December 31, 2006.

In December 2005, M2B World Pte. Ltd. sold 81% equity interests of its wholly-owned subsidiary, M2B Game World Pte. Ltd. to Auston International Group Ltd (Auston), a public listed company in Singapore, in exchange for 27% equity interest in Auston. As of December 31, 2008, the Company disposed all of its common shares in Auston. As of the date of this report, the Company holds no shares in Auston.

M2B WORLD, INC.

M2B World, Inc., a California corporation, was incorporated on January 24, 2005. This subsidiary handles and oversees the Company's business in the U.S. The Company has not renewed its office lease in West Hollywood in August, 2011, and currently does not maintain an office space in the U.S.

On May 27, 2005, M2B World, Inc. entered into an agreement with Indie Vision Films, Inc., a California corporation, to purchase 20% of the beneficial ownership of Indie Vision Films, Inc., which provided to M2B World, Inc. access the library of programs of Indie Vision Films, Inc. The Company entered into an agreement on December 22, 2009 with Indie Vision Films, Inc. to convert its investment into content rights, thereby giving up its 20% share of beneficial ownership in lieu of library rights that the Company could exploit commercially for international use.

M2B WORLD ASIA PACIFIC PTE. LTD.

M2B World Asia Pacific Pte Ltd was incorporated in the Republic of Singapore on 1 August 2006 for the purposes of handling all the business operations of the Company in the Asia Pacific region. This company had taken over the

Asian business operations as well as the assets and liabilities of M2B World Pte. Ltd. with effect from September 1, 2006.

On January 3, 2007, M2B World Asia Pacific Pte Ltd, issued 7,778,014 shares of common stock through a private placement at a price of $0.77 a share for a total amount of $6,000,000. This had effectively reduced the Company's effective equity interest in M2B World Asia Pacific Pte. Ltd from 100% to 81.6%.

On July 8, 2008, M2B World Asia Pacific Pte Ltd signed a two year convertible loan agreement with a third party to raise $2,500,000 in funding. The convertible loan represents a two year convertible loan drawn by a subsidiary company. It bears interest at a fixed rate of 5.0% per annum. The loan allowed the lender the option to convert the loan into shares of the subsidiary company at the issue price of $0.942 per share at the end of the two year period. The due date of the loan was July 7, 2010. The conversion period of the convertible loan was extended for an additional twelve months commencing July 8, 2010 and was further extended to June 29, 2012. M2B World Asia Pacific Pte. Ltd. is negotiating to obtain further extension on the convertible loan, until which interest is accrued on the outstanding loan balance at 5% per annum.

M2B COMMERCE LIMITED

M2B Commerce Limited, a company incorporated in the British Virgin Islands on July 25, 2002, focuses on e-commerce and digit gaming, with a branch in Cambodia that oversaw the digit gaming operation in Cambodia.

The Company has an agreement with Allsports Limited, a British Virgin Islands company to operate, administer, and manage the lottery digit game activities in Cambodia, as an extension of the Company's entertainment operations. On March 25, 2009, the Company was notified that the digit game were suspended by the Cambodia Government as part of the suspension of all lotteries in Cambodia. At this time, the Company believes that the suspension of the digit game is permanent as the Government of Cambodia has closed the gaming business by the order of its Ministry of Economy and Finance.

The company had entered into an investment agreement on January 12, 2006, with Khoo Kim Leng, the beneficial owner of Dai Long Co., Ltd, which holds a valid casino license and freehold land and intends to develop and operate an integrated resort in the Kingdom of Cambodia. The resort will feature a hotel, guest house, shopping arcade, entertainment and amusement center and some gaming tables. As of December 31, 2006, the company had invested $2,402,613 in relation to this investment that equivalents to 10% of the interest. The resort was completed and is in operation.

M2B ENTERTAINMENT, INC.

On April 19, 2010, M2B Entertainment, Inc. was dissolved because the Company did not want to continue operations in Canada.

M2B AUSTRALIA PTY LTD

M2B Australia Pty Ltd was incorporated on June 15, 2005. This subsidiary handles and oversees the Company's business in Australia. As of December 31, 2013 this subsidiary is dormant.

M2B WORLD TRAVEL SINGAPORE PTE. LTD.

M2B World Travel Singapore Pte Ltd was incorporated in the Republic of Singapore on March 7, 2006 to develop a global online travel platform which offers global e-travel services. On October 14, 2011, M2B World Travel Singapore was dissolved because the Company did not want to continue its travel operations.

AMARU HOLDINGS LIMITED AND M2B WORLD HOLDINGS LIMITED

Amaru Holdings Limited and M2B World Holdings Limited were incorporated in the British Virgin Islands on February 21, 2005 and June 15, 2006, respectively. Amaru Holdings Limited focuses on content syndication and distribution in areas other than Asia Pacific region. M2B World Holdings Limited focuses on content syndication and distribution in Asia Pacific region and is a subsidiary of M2B World Asia Pacific Pte. Ltd.

TREMAX INTERNATIONAL LIMITED AND M2B WORLD TRAVEL LIMITED

Tremax International Limited and M2B World Travel Limited were both incorporated in the British Virgin Islands on June 8, 2006 and May 3, 2005 respectively. Both companies are investment holdings companies.

On July 10, 2007, Tremax International Limited entered into a sale and purchase agreement (the "Agreement") with Domaine Group Limited, a British Virgin Islands corporation (the "Vendor"), for the acquisition of CBBN Holdings Limited ("CBBN Holdings"). CBBN Holdings is a 80% beneficial owner of Cosmactive Broadband Networks Co. Ltd ("CBN"), which is a broadband service provider incorporated in Taiwan. The purchase consideration was satisfied in full by the issuance of 5,333,333 of common stock of the Company.

On January 22, 2009, the Company approved the termination and rescission of the Agreement, because the seller failed to comply with the terms of the Agreement and did not deliver to the Company or Purchaser the consideration for the issuance of the Amaru Shares. The Company further approved the cancellation of the Amaru Shares.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In the preparation of the financial statements, the Company adopted the following critical accounting policies.

FILM LIBRARY

Investment in the Company's film library includes movies, dramas, comedies and documentaries in which the Company has acquired distribution rights from a third party. For acquired films, these capitalized costs consist of minimum guarantee payments to acquire the distribution rights. Costs of acquiring the Company's film libraries are amortized using the individual-film-forecast method, whereby these costs are amortized and participations and residuals costs are accrued in the proportion that current year's revenue bears to management's estimate of ultimate revenue at the beginning of the current year expected to be recognized from the exploitation, exhibition or sale of the films. Ultimate revenue for acquired films includes estimates over a period not to exceed twenty years following the date of acquisition. Investments in films are stated at the lower of amortized cost or estimated fair value.

The valuation of investment in films is reviewed on an overall basis, when an event or change in circumstances indicates that the fair value of the film library is less than its unamortized cost. The fair value of the film is determined using management's future revenue and cost estimates and a discounted cash flow approach. Additional amortization is recorded in the amount by which the unamortized costs exceed the estimated fair value of the film. Estimates of future revenue involve measurement uncertainty and it is therefore possible that reductions in the carrying value of investment in films may be required as a consequence of changes in management's future revenue estimates.

INTANGIBLE ASSETS

Intangible assets consist of gaming licenses, software licenses and product development costs. Intangible assets which were purchased and have indefinite lives are stated at cost less impairment losses. Intangible assets which were purchased for a specific period are stated at cost less accumulated amortization and impairment losses. Such intangible assets are amortized over the period of the contract, which is 2 to 18 years.

REVENUE

Subscription and related services revenues are recognized over the period that services are provided. Advertising and sponsorship revenues are recognized as the services are performed or when the goods are delivered. Licensing and content syndication revenue is recognized when the license period begins, and the contents are available for exploitation by customer, pursuant to the terms of the license agreement. Gaming revenue is recognized as earned net of players’ winnings. E-commerce commissions are recognized as received. Broadband consulting services and on-line turnkey solutions revenue are recognized as earned.

The Company has adopted accounting pronouncements issued before December 31, 2013, that are applicable to the Company. See Note 2 to the Consolidated Financial Statements.

RESULTS OF OPERATIONS

For the fiscal year ended December 31, 2013 compared with the fiscal year ended December 31, 2012.

REVENUE

Financial Statement

- Revenue for the year ended December 31, 2013 was $27,924 compared with $19,012 in 2012.
- Loss from operations was $1,076,442 in 2013 compared with loss of $975,911 in 2012.
- Net loss was $2,660,580 in 2013 compared with gain of $155,833 in 2012.
- The Company's cash balance was $33,338 at December 31, 2013 compared with $33,460 at December 31, 2012.

Revenue

Revenue entertainment for the year ended December 31, 2013 at $27,924 was higher than revenue entertainment of $19,012 for year ended December 31, 2012 by $8,912 (47%). It was mainly due to the increase in subscription revenue and other relevant revenue from new customers during 2013.

Cost of Services

Cost of services for the years ended December 31, 2013 was $146,060 which increased by $56,215 (63%) from $89,845 for the year ended December 31, 2012. It was mainly due to increase in cost spending on other related production costs by $34,743 (185%) from $18,784 for the year ended December 31, 2012 to $53,527 for the year ended December 31, 2013.

DISTRIBUTION EXPENSES

Distribution expenses for the year ended December 31, 2013 at $47,372 were lower by $3,166 (6%) as compared to the amount of $50,538 incurred for the year ended December 31, 2012.

The insignificant lower distribution expenses were attributed to decrease spending on entertainment expenses during year ended December 31,2013.

BAD DEBTS WRITTEN OFF

The Company recorded bad debts expenses of $72,979 in 2013.

GENERAL AND ADMINISTRATIVE EXPENSES

Administration expenses for the year ended December 31, 2013 at $837,953 were lower by $16,587 (2%) as compared to the amount of $854,540 incurred for the year ended December 31, 2012.

The decrease in administrative expenses for the year ended December 31, 2013 was attributed mainly to the decrease in:

- Depreciation. Equipment depreciation had decreased by $32,915 (85%), from $38,689 for the year ended December 31,2012 to $5,847 for the year ended December 31,2013. The decrease was mainly due to most of the equipment being fully depreciated during end of December 31, 2012.

- Rental and storage costs. Costs had increased by $1,157 (1%), from $114,074 for the year ended December 31, 2012 to $115,231 for the year ended December 31, 2013.

(LOSS) INCOME FROM OPERATIONS

The company incurred a loss from operations of $2,660,580 for the year ended December 31, 2013 as compared to the gain from operations of $155,833 for the year ended December 31, 2012. The decrease was mainly due to investment impairment loss during year ended December 31, 2013.

NET LOSS

Net loss for the year ended December 31, 2013, was $2,660,580 which decreased by $2,816,413 (-1,1807%) from net gain of $155,833 for the year ended December 31, 2012.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash in the amount of $33,338 at December 31, 2013 as compared to cash of $33,460 at December 31, 2012.

During the year ended December 31, 2013, the Company had not entered into any transactions using derivative financial instruments or derivative commodity instruments. Accordingly the Company believes its exposure to market interest rate risk is not material.

In summary of the sources and use of cash, the Company had raised $335,776 through equity financings in fiscal year 2013. It was used to cover the Company's operations and to reduce the Company's accounts payable and accrued expenses for fiscal year 2013.

There was net cash used in operating activities of $445,891 and $900,540, for each of the two years in 2013 and 2012, respectively. The decrease of $454,649 for net cash used in operating activities in 2013 as compared to 2012 was mainly due to reduction of payments to the Company's suppliers.

There was net cash generated from investing activities of $508,713 and $1,110,013 for each of the two years in 2013 and 2012, respectively. The decrease of $601,301 for net cash generated from investing activities in 2013 as compared to 2012 was mainly due to reduction in disposal of security activity.

There was net cash used in financing activities of $62,944 and $395,361 for each of the two years in 2013 and 2012, respectively. The decrease of $332,417 for net cash used by financing activities in 2013 as compared to 2012 was mainly due lesser repayment of term loan in 2013.

The Company believes that its operations strategically based in Singapore, are the crossroads of communication and commerce, and are ideally placed to grow the media industry. We expect that the broadband business segment would be able to generate sufficient cash to cover its operations by year 2014. Cash generated from operations meanwhile will not be able to cover the Company's intended growth and expansion. The Company intends to raise additional funds to fund its business expansion until its revenue generation is self-sufficient to fund the business. However, no assurances can be made that the Company will raise sufficient funds as planned.

NEW CONTRACTS

On January 2, 2013, the Company through its subsidiary, M2B World Asia Pacific Pte. Ltd. ("M2B"), signed a Joint Venture agreement with The Dive Channel ("TDC"), a leading company in filming underwater related contents, procurement, and international trade of diving equipment and accessories. Both parties agreed to work together to jointly develop, promote, own, operate and manage both Parties' Intellectual Properties, technologies, solutions, Content, and Services.

On January 3, 2013 the Company through its subsidiary M2B World Asia Pacific Pte. Ltd. ("M2B"), signed an agreement with Yahoo! Asia Pacific Pte. Ltd. ("Yahoo"), a leading technology company. Pursuant to the terms of the Agreement, Yahoo shall provide M2B's content and services on Yahoo! Websites.

On January 21, 2013, the Company through its subsidiary, M2B World Asia Pacific Pte. Ltd. ("M2B") signed an agreement with Google Ireland Limited ("Google"), a leading technology company. Pursuant to the terms of the Agreement, Google shall provide WOWtv channel under Youtube for advertisement based revenue. M2B and Google shall share net of total revenue collected in the ratio of 55% ("M2B"):45% ("Google").

On January 30, 2013, the Company through its subsidiary, M2B World Asia Pacific Pte. Ltd. ("M2B") signed an agreement with LG Electronics Inc. ("LGE"), one of Korea's leading electronics company. Pursuant to the terms of the Agreement, LGE shall launch M2B's content and services on SmartTV devices. The LGE devices shall be launched in the following countries, namely Singapore, Indonesia, Malaysia, Thailand, Vietnam, Philippines, India, Australia, and New Zealand. M2B and LGE shall share net of total revenue collected in the ratio of 70% or 90%("M2B"):30% or 10%("LGE") respectively, depending on types of transaction and subscription fees.

On March 20, 2013, the Company through its subsidiary, M2B World Asia Pacific Pte. Ltd. ("M2B"), has been awarded by Info-communications Development Authority of Singapore a grant of up to $156,200 for the project M2B World Regional Video Services Hub under the Inforcomm Enterprises Scheme.

On April 15, 2013, the Company through its subsidiary, M2B World Asia Pacific Pte. Ltd. ("M2B"), signed a Memorandum of Agreement with Beijing Bellamind Productions Limited (“BBP”), a leading Chinese film and new media company. Both parties agreed to work together and to monetize Linear Channels and Contents from China to Asia Pacific and global distribution market.

On September 25, 2013, the Company through its subsidiary, M2B World Asia Pacific Pte. Ltd. ("M2B"), signed an Agreement with AutoMoto TV (“AMTV”), a leading automotive content provider out of Europe. Both parties agreed to work together and to monetize the Contents from for Asia Pacific market. M2B and AMTV shall share net of total revenue collected in the ratio of 50% (M2B) and 50% ("AMTV") respectively.

On September 25, 2013, the Company through its subsidiary, M2B World Asia Pacific Pte. Ltd. ("M2B"), signed an Agreement with Everymedia Technologies Pvt. Ltd. (“Everymedia”), a leading Bollywood content provider out of India. Both parties agreed to work together and to monetize the Contents from for global market. M2B and Everymedia shall share net of total revenue collected in the ratio of 50% (M2B) and 50% ("Everymedia") respectively.

On October 30, 2012, the Company through its subsidiary, M2B World Asia Pacific Pte. Ltd. ("M2B") signed an agreement with Opera Software ASA ("OPERA"), a global leader in software solutions for SmartTVs. Pursuant to the terms of the Agreement, OPERA shall launch M2B's content and services on various 3rd party SmartTV devices including SONY. The Opera software with M2B's WOWtv Apps shall be launched globally. M2B and Opera shall share net of total revenue collected in the ratio of 70% (M2B) and 30% ("LGE") respectively.

On November 5, 2012, the Company through its subsidiary, M2B World Asia Pacific Pte. Ltd. ("M2B") signed an agreement with Nokia Corporation ("NOKIA"). Pursuant to the terms of the Agreement, NOKIA shall launch M2B's Content in NOKIA Store (formerly Ovi Store) under the brand name WOWtv. M2B and NOKIA shall share net of total revenue collected in the ratio as per NOKIA Store policies.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The primary objective of our investment activities is to preserve principal while concurrently maximizing the income we receive from our investments without significantly increasing risk. Some of the securities that we may invest in may be subject to market risk. This means that a change in prevailing interest rates may cause the principal amount of the investment to fluctuate. For example, if we hold a security that was issued with a fixed interest rate at the then-prevailing rate and the prevailing interest rate later rises, the current value of the principal amount of our investment will decline. To minimize this risk in the future, we intend to maintain our portfolio of cash equivalents and short-term investments in a variety of securities, including commercial paper, money market funds, high-grade corporate bonds, government and non- government debt securities and certificates of deposit. In general, money market funds are not subject to market risk because the interest paid on such funds fluctuates with the prevailing interest rate. The Company held nil and $598,429 in marketable securities as of December 31, 2013 and 2012 respectively.

The Company does not believe that it faces material market risk with respect to its cash and cash equivalents which totaled $33,338 and $33,460 at December 31, 2013 and 2012, respectively.

The Company has no material long-term obligations or hedging activities.

ABILITY TO EXPAND CUSTOMER BASE

The Company's future operating results depend on our ability to expand our customer base for broadband services and e-commerce portals. An increase in total revenue depends on our ability to increase the number of broadband and e-commerce portals, in the US, Europe and Asia. The degree of success of this depends on:

- our efforts to establish independent broadband sites in countries where conditions are suitable.
- our ability to expand our offerings of content in entertainment to include more niche channels and offerings.
- our ability to provide content beyond just personal computers but to encompass television, wireless application devices and 3G hand phones.

ABILITY TO ACQUIRE NEW MEDIA CONTENTS

The continued ability of the Company to acquire rights to new media contents, at competitive rates, is crucial to grow and sustain the Company's business.

AVAILABILITY OF TECHNOLOGICALLY RELIABLE NEW GENERATION OF BROADBAND DEVICES

The growth of demand for broadband services is dependent on the wide availability of technologically reliable new generation of broadband devices, at affordable prices to prospective customers of broadband services. The early and widespread availability and market adoption of new generation broadband devices, will significantly impact demand for broadband services and the growth of the Company's business.

CAPITAL INVESTMENT IN BROADBAND INFRASTRUCTURE BY GOVERNMENT AND TELCOS

The growth of demand for broadband services is dependent on the capital investment in broadband infrastructure by governments and Telcos. A significant source of demand for the Company's broadband services could be from homes and enterprises with access to high-speed broadband connections. The ability of countries to invest in public broadband infrastructure to offer public accessibility is subject to countries' economic health. The Company's prospects for business growth in Asia especially would be impacted by overall economic conditions in the territories that we seek to expand into.

COMPETITION FROM BROADBAND CABLE AND TV NETWORKS OPERATORS

As traditional TV networks and cable TV operators provide alternate supply of entertainment and on-demand broadband services, they are in competition with the Company, for market share. The Company, nevertheless, will continue to leverage on its advantage of ownership rights to its own portfolio of media content and its ability to provide broadband services over both the cable and wireless networks, at competitive rates.

The Company's business is reliant on complex information technology systems and networks. Any significant system or network disruption could have a material adverse impact on our operations and operating results. The Company's nature of business is highly dependent on the efficient and uninterrupted operation of complex information technology systems networks, may they, either be that of ours, or our Telco/ ISP partners.

All information technology systems are potentially vulnerable to damage or interruption from a variety of sources, including but not limited to computer viruses, security breach, energy blackouts, natural disasters and terrorism, war and telecommunication failures.

System or network disruptions may arise if new systems or upgrades are defective or are not installed properly. The Company has implemented various measures to manage our risks related to system and network disruptions, but a system failure or security breach could negatively impact our operations and financial results.

LAW AND REGULATIONS GOVERNING INTERNET

Increased regulation of the Internet or differing application of existing laws might slow the growth of the use of the Internet and online services, which could decrease demand for our services. The added complexity of the law may lead to higher compliance costs resulting in higher costs of doing business.

UNAUTHORIZED USE OF PROPRIETARY RIGHTS

Our copyrights, patents, trademarks, including our rights to certain domain names are very important to M2B and WOWtv's brand and success. While we make every effort to protect and stop unauthorized use of our proprietary rights, it may still be possible for third parties to obtain and use the intellectual property without authorization. The validity, enforceability and scope of protection of intellectual property in Internet-related industries remain uncertain and still evolving. Litigation may be necessary in future to enforce these intellectual property rights. This will result in substantial costs and diversion of the Company's resources and could disrupt its business, as well as have a material adverse effect on its business.

LAW AND REGULATIONS GOVERNING BUSINESS

As the Company continues to expand its business internationally across different geographical locations there are risks inherent including:

1) Trade barriers and changes in trade regulations

2) Local labor laws and regulations

3) Currency exchange rate fluctuations

4) Political,social or economic unrest

5) Potential adverse tax regulation

6) Changes in governmental regulations

OUTBREAK OF N1H1 VIRUS FLU PANDEMIC OR SIMILAR PUBLIC HEALTH DEVELOPMENTS

Any future outbreak of the N1H1 flu pandemic or similar public health developments may have a material adverse effect on the Company's business operations, financial condition and results of operations.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the Financial Statements and Notes thereto commencing on Page F-1.

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

On February 3, 2011, the Registrant received a notice from its independent registered public accounting firm, Mendoza Berger & Company, LLP ("Mendoza Berger") , that they had resigned due to a change in the firm's organization structure, effective as of that date.

(a) Resignation of Current Independent Registered Public Accounting Firm.

i. On February 3, 2012, Mendoza Berger resigned as the Company's current independent registered public accounting firm.

ii. The Company's Board of Directors accepted such resignation on February 6, 2012.

iii. Mendoza Berger's audit reports on the financial statements of the Company for the years ended December 31, 2010 and 2009 did not contain an adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles, other than an explanatory paragraph regarding the Company's ability to continue as a going concern.

iv. Since July 21, 2008, the date the Company engaged Mendoza Berger as the Company's independent registered public accounting firm in connection with Mendoza Berger's audits of the Company's annual financial statements as of and for the fiscal years ended December 31, 2010, 2009 and 2008, respectively, and Mendoza Berger's reviews of the Company's quarterly interim unaudited financial information from September 30, 2008 through September 30, 2011 (last quarterly period under review by Mendoza Berger on Form 10-Q filed by the Company on November 14, 2011 prior to Mendoza Berger's resignation) through the date of resignation on February 3, 2012, there were no disagreements on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused Mendoza Berger to make reference in connection with Mendoza Berger's opinion to the subject matter of the disagreement.

v. In connection with the audited financial statements of the Company for the years ended December 31, 2010 and 2009 and quarterly interim unaudited financial information from March 31, 2010 through September 30, 2011 and through the date of Mendoza Berger's resignation on February 3, 2012, there have been no reportable events with the Company as set forth in Item 304(a)(1)(v) of Regulation S-K.

vi. The Company provided Mendoza Berger with a copy of this Current Report on Form 8-K and requested that Mendoza Berger furnished it with a letter addressed to the SEC stating whether or not they agree with the above statements. The Company has received the requested letter from Mendoza Berger, and a copy of such letter was filed as Exhibit 16.1 to the Current Report on Form 8-K

(b) Engagement of New Independent Registered Public Accounting Firm.

On February 8, 2012, the Company retained Wilson Morgan LLP as the Company's new independent registered public accounting firm. This engagement was approved by the Board of Directors. During the years ended December 31, 2010 and 2009 and any subsequent interim period through the date hereof, the Registrant has not consulted with Wilson Morgan LLP regarding the application of accounting principles related to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements or as to any disagreement or reportable event as described in Item 304(a)(1)(iv) and Item 304(a)(1)(v) of Regulation S-K under the Securities Act of 1933, as amended.

As of January 25, 2013, the Registrant received a notice from its independent registered public accounting firm, Wilson Morgan, LLP ("Wilson Morgan"), that they had resigned due to the fact that they do not have any other audit partner to service our account, effective as of that date.

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(a) Resignation of Current Independent Registered Public Accounting Firm.

i. On January 25, 2013, Wilson Morgan resigned as the Company's current independent registered public accounting firm.

ii. The Company's Board of Directors accepted such resignation on January 28, 2013.

iii. Wilson Morgan's audit reports on the financial statements of the Company for the years ended December 31, 2011 and 2010 did not contain an adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles, other than an explanatory paragraph regarding the Company's ability to continue as a going concern.

iv. Since February 8, 2012, the date the Company engaged Wilson Morgan as the Company's independent registered public accounting firm in connection with Wilson Morgan's audits of the Company's annual financial statements as of and for the fiscal years ended December 31, 2011 and 2010, respectively, and Wilson Morgan's reviews of the Company's quarterly interim unaudited financial information from February 8, 2012 through September 30, 2012 (last quarterly period under review by Wilson Morgan on Form 10-Q filed by the Company on November 14, 2012 prior to Wilson Morgan's resignation) through the date of resignation on January 25, 2013, there were no disagreements on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused Wilson Morgan to make reference in connection with Wilson Morgan's opinion to the subject matter of the disagreement.

v. In connection with the audited financial statements of the Company for the years ended December 31, 2011 and 2010 and quarterly interim unaudited financial information from March 31, 2012 through September 30, 2012 and through the date of Wilson Morgan's resignation on January 25, 2013, there have been no reportable events with the Company as set forth in Item 304(a)(1)(v) of Regulation S-K.

vi. The Company provided Wilson Morgan with a copy of this Current Report on Form 8-K and requested that Wilson Morgan furnished it with a letter addressed to the SEC stating whether or not they agree with the above statements. The Company has received the requested letter from Wilson Morgan, and a copy of such letter was filed as Exhibit 16.1 to the Company's Current Report on Form 8-K

(b) Engagement of New Independent Registered Public Accounting Firm.

On February 27, 2013, the Registrant retained Wei, Wei & Co LLP. as the Registrant's new independent registered public accounting firm. This engagement was approved by the Board of Directors. During the years ended December 31, 2012 and 2011 and any subsequent interim period through the date hereof, the Registrant has not consulted with Wei, Wei & Co LLP. regarding the application of accounting principles related to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements or as to any disagreement or reportable event as described in Item 304(a)(1)(iv) and Item 304(a)(1)(v) of Regulation S-K under the Securities Act of 1933, as amended.

ITEM 9A: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

A system of disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-l5(e)) under the Securities Exchange Act of 1934,as amended [the "Exchange Act"]) are controls and other procedures that are designed to provide reasonable assurance that the information that the Company is required to disclose in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives, and management necessarily is required to use its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Moreover, over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Company, and have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective as of the end of the period covered by this report, based on their evaluation of these controls and procedures required by paragraph (b) of Rules 13a-15(f) and 15d-15(f), due to certain material weaknesses in our internal control over financial reporting as discussed below.

Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting for the Company. Due to limited resources, Management conducted an evaluation of internal controls based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The results of this evaluation determined that our internal control over financial reporting was ineffective as of December 31, 2013, due to material weaknesses. A material weakness in internal control over financial reporting is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting.

Management's assessment identified the following material weaknesses in internal control over financial reporting:

- The small size of our Company limits our ability to achieve the desired level of separation of internal controls and financial reporting. We do not have a separate CEO and CFO, to review and oversee the financial policies and procedures of the Company, which does achieve a degree of separation. Until such time as the Company is able to hire a separate CFO, we do not believe we meet the full requirement for separation.
- We do not have a functional audit committee since our Board of Directors acts as the audit committee.
- We have not achieved the desired level of documentation of our internal controls and procedures. When the Company obtains sufficient funding, this documentation will be strengthened through utilizing a third party consulting firm to assist management with its internal control documentation and further help to limit the possibility of any lapse in controls occurring.

As a result of the material weaknesses in internal control over financial reporting described above, the Company's management has concluded that, as of December 31, 2013, the Company's internal control over financial reporting was not effective based on the criteria in Internal Control - Integrated Framework issued by the COSO.

To date, the Company has not been able to add any additional members to its Audit Committee due its limited financial resources. When the Company obtains sufficient funding, Management intends to add additional members to the Audit Committee and charge them with assisting the Company in addressing the material weaknesses noted above. The Company's lack of current financial resources makes it impossible for the Company to hire the appropriate personnel needed to overcome these weaknesses and ensure that appropriate controls and separation of responsibilities of a larger organization exist. We also will continue to follow the standards for the Public Company Accounting Oversight Board (United States) for internal control over financial reporting to include procedures that:

- Pertain to the maintenance of records in reasonable detail accurately that fairly reflect the transactions and dispositions of the Company's assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the Board of Directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Changes In Internal Control Over Financial Reporting

Our management determined that there were no changes made in our internal controls over financial reporting during the fiscal year 2013 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

ITEM 9B: OTHER INFORMATION

None.

PART III

ITEM 10: DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Our directors, executive officers and key employees as of March 1, 2014 were as follows:

Name	Age	Position
Sakae Torisawa	68	Chairman of the Board of Directors
Chua Leong Hin	55	Chief Executive Officer, President, Interim Acting Chief Financial Officer and Director
Percy Chua Soo Lian	54	Director

SAKAE TORISAWA

Mr. Torisawa has served as a director of the Company since January 2007, and as the Chairman of the Company's Board of Directors since March 5, 2007. Mr. Torisawa graduated from the Journalism Course of Law Department at Nippon University, Japan. In 1973, Mr. Torisawa joined Hockmetals Group in Tokyo, which is a worldwide trading and mining firm. He worked as a trader for non-ferrous metals and raw materials, especially copper, zinc, lead, tungsten, and antimony. In 1976, Hockmetals closed its Tokyo office, and he joined Union Carbide, USA as a representative in Tokyo office for the Metal Division. In 1977, Mr. Torisawa joined Glencore Far East Ag in Switzerland, an international trading and industrial firm, specializing in oil, coal, metals and minerals. He served as a partner in charge of Tokyo office. He continued in trading copper, zinc and lead metals and raw materials. Due to nature of business, he was involved in mining and smelting green field projects. Presently Mr. Torisawa works for C & P Asia Pte Ltd, Singapore as a Senior Advisor.

CHUA LEONG HIN

Mr. Chua Leong Hin has served as a director of the Company since April 2, 2009. He graduated from the National University of Singapore in 1983 with a Bachelor of Law degree. He was admitted as an advocate and solicitor of the Supreme Court of Singapore to practice law in Singapore in February 1984.

He was initially employed by the law firm of Thomas Tham & Partners as a legal assistant, and subsequently in October 1984, together with Mr. Leong Keng Kheong, started the firm Leong Chua & Associates which is now known as Leong Chua & Wong. The firm currently has 4 partners and about 15 employees. The firm specializes in the field of litigation and commercial law.

Mr. Chua Leong Hin is a shareholder of M2B World Asia Pacific Pte. Ltd, a subsidiary of the Company. He holds 1,296,336 ordinary shares (3.05%) of the total shares outstanding of 42,459,976 ordinary shares in M2B World Asia Pacific Pte. Ltd. Mr Chua is the Company's President, CEO and acting CFO following the resignation of Mr. Binny from those positions.

PERCY CHUA SOO LIAN

Mr. Percy Chua Soo Lian, is appointed as the Company's director to fill the vacancy on the Board of Directors created by the resignation of Mr. Binny from that position.

Mr. Percy Chua Soo Lian graduated from the National University of Singapore in 1986, with a Bachelor of Arts, Architectural Studies (B.A.(AS), and a Bachelor of Environmental Design Studies degree (B.E.D.S.) in 1989, and a Masters of Architecture, (M.ARCH) in 1991 from Technical University of Nova Scotia (Daltech), Halifax, Nova Scotia, Canada.

He has more than twenty years experience in the fields of art and architecture. In the past decade he has been involved in restructuring assets such as hotels, buildings, and master planning of New Towns in various Asia Pacific countries. He is a founding partner of CSL Architects and managing director of CSLA Management PTE Ltd., as well as a president and director of PT Bintan Pacific Development.

Mr. Percy Chua Soo Lian has no beneficial ownership of the Company's or any of its subsidiaries' shareholdings.

The following directors and executive officers have resigned from the Company as of the effective date set forth below:

Name	Age	Position	Resignation Date
Zee Moey Ngiam	56	Director	December 30, 2011

CORPORATE GOVERNANCE

Board of Directors

Board Members who are Deemed Independent

Our board of directors has determined that none of our directors are "independent" as that term is defined by the National Association of Securities Dealers Automated Quotations ("NASDAQ"). See "Lack of Committees" for the NASDAQ definition of "Independent Director." Under the National Association of Securities Dealers Automated Quotations definition, an "independent director means a person other than an officer or employee of the Company or its subsidiaries or any other individuals having a relationship that, in the opinion of the Company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of the director. The board's discretion in determining director independence is not completely unfettered. Further, under the NASDAQ definition, an independent director is a person who (1) is not currently (or whose immediate family members are not currently), and has not been over the past three years (or whose immediate family members have not been over the past three years), employed by the company; (2) has not (or whose immediate family members have not) been paid more than $60,000 during the current or past three fiscal years; (3) has not (or whose immediately family has not) been a partner in or controlling shareholder or executive officer of an organization which the company made, or from which the company received, payments in excess of the greater of $200,000 or 5% of that organizations consolidated gross revenues, in any of the most recent three fiscal years; (4) has not (or whose immediate family members have not), over the past three years been employed as an executive officer of a company in which an executive officer of the Company has served on that company's compensation committee; or (5) is not currently (or whose immediate family members are not currently), and has not been over the past three years (or whose immediate family members have not been over the past three years) a partner of the Company's outside auditor.

Committees

The Board of Directors of the Company has established the following committees on April 30, 2007:

- Audit Committee

The Audit Committee's responsibilities include:

- appointing, retaining, approving the compensation of and assessing the independence of our independent registered public accounting firm, including pre-approval of all services performed by our independent registered public accounting firm;
- overseeing the work of our independent registered public accounting firm, including the receipt and consideration of certain reports from the firm;
- reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly consolidated financial statements and related disclosures;
- monitoring our internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics;
- establishing procedures for the receipt and retention of accounting related complaints and concerns;
- meeting independently with our independent registered public accounting firm and management; and
- preparing the audit committee report required by SEC rules.

The members of the Audit Committee were Ngiam Zee Moey and Colin Binny who resigned on April 2, 2010. Mr. Ngiam Zee Moey resigned on December 31, 2011, and has not been replaced yet. Currently the members of the Board of Directors serve as members of the Audit Committee.

Audit Committee Financial Expert

The Company's board of directors needs to have an “audit committee financial expert,” within the meaning of such phrase under applicable regulations of the Securities and Exchange Commission, serving on its audit committee. The individual needs to be capable of (i) understanding generally accepted accounting principles ("GAAP") and financial statements, (ii) assessing the general application of GAAP principles in connection with our accounting for estimates, accruals and reserves, (iii) analyzing and evaluating our financial statements, (iv) understanding our internal controls and procedures for financial reporting; and (v) understanding audit committee functions, all of which are attributes of an audit committee financial expert and meet the experience requirements specified in the SEC's definition of “audit committee financial expert.” Further, like many small companies, it is difficult for the Company to attract and retain board members who qualify as “audit committee financial experts,” and competition for these individuals is significant.

- Nominating and Governance Committee

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The Nominating and Corporate Governance Committee's responsibilities include:

- identifying individuals qualified to become directors;
- reviewing with the board the standards to be applied in making determinations regarding independence of board members;
- reviewing and making recommendations to the board with respect to size, composition and structure;
- developing and recommending to the board our code of business conduct and ethics;
- developing and recommending to the board Corporate Governance Guidelines;
- overseeing an annual evaluation of the board; and
- providing general advice to the board on corporate governance matters.

The members of the Nominating and Corporate Governance Committee in fiscal year 2011 were Sakae Torisawa and Ngiam Zee Moey, who resigned in December of 2011, and has not been replaced yet. . Currently the members of the Board of Directors serve as members of said Committee.

- Compensation Committee

The Compensation Committee's responsibilities include:

- annually reviewing and approving corporate goals and objectives relevant to chief executive officer compensation and the compensation structure for our officers;
- approving the chief executive officer's compensation;

- reviewing and approving, or making recommendations to the board of directors with respect to, the compensation of our other executive officers;

- overseeing and administering our equity incentive plans; and

- preparing the annual executive compensation report

The members of the Compensation Committee in fiscal year 2011 were Sakae Torisawa and Ngiam Zee Moey, who resigned in December, 2011 and has not been replaced yet. Currently the members of the Board of Directors serve as members of said Committee.

Code of Business Conduct and Ethics

Our code of business conduct and ethics, as approved by our board of directors, can be obtained from our Website, at www.amaruinc.com

We intend to satisfy the disclosure requirement relating to amendments to or waivers from provisions of the code that relate to one or more of the items set forth in Regulations S-K, by describing on our Internet Website, within five business days following the date of a waiver or a substantive amendment, the date of the waiver or amendment, the nature of the amendment or waiver, and the name of the person to whom the waiver was granted.

Information on our Internet website is not, and shall not be deemed to be, a part of this report or incorporated into any other filings we make with the Securities and Exchange Commission

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, requires our executive officers and directors, and persons who beneficially own more than 10% of a registered class of our common stock, to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission, or the SEC. These officers, directors and stockholders are required by SEC regulations to furnish us with copies of all such reports that they file.

Based solely upon a review of copies of such reports furnished to us during the fiscal year ended December 31, 2013 and thereafter, or any written representations received by us from reporting persons that no other reports were required, to the best of our knowledge, during our fiscal 2013, all Section 16(a) filing requirements applicable to our reporting persons were met.

ITEM 11: EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the annual and long-term compensation for services rendered during the last three fiscal years to our company in all capacities as an employee by our Chief Executive Officer and our other executive officers whose aggregate compensation exceeded $100,000 (collectively, the "named executive officers") during fiscal year ended 2013 shown below.

Name and Principal Position	Year ($)	Salary ($)	Bonus ($)	Stock Awards ($)	Options Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-qualitative Deferred Compensation Earnings ($)	All Other Compensation (4)	Total ($)
Chua Leong Hin, CEO and CFO	2013	–	–	–	–	–	–	–	–
Colin Binny, former	2012	–	–	–	–	–	–	–	–
CEO and CFO	2011	–	–	–	–	–	–	–	–

(1) Bonus awarded based on performance.

(2) No officers received or will receive any long term incentive plan payouts or other payouts during financial years ended December 31, 2011, December 31, 2012 and December 31, 2013.

As of December 31, 2013, a total of 2,921,260 million shares of common stock remain unused in the Company's 2004 Equity Compensation Plan.

Outstanding Equity Awards at Fiscal Year-End Table

The following table sets forth certain information concerning unexercised stock options for each named executive officer above. There were no stock awards outstanding as of end of fiscal year 2013.

Option Awards Stock Awards

Name	Number of Securities Underlying Unexercised Options (#) Exercisable Unexercised	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) ($)	Market Value of Shares or Units of Stock That Have Not Vested (#)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights or Other Rights That Have Not Vested ($)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units
Chus Leong Hin, CEO and CFO	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Colin Binny Former CEO And CFO	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Equity Compensation Plan Information

The following table sets forth equity compensation plan information as of December 31, 2012:

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Shares Remaining Available for Future Issuance
2004 Equity Compensation Plan approved by stockholders	NIL	NIL	2,921,260

Our Board of Directors administers the Plan. Our Board of Directors has the authority to determine, at its discretion, the number and type of awards that will be granted, the recipients of the awards, and the exercise or purchase price required to be paid, when options may be exercised and the term of the option grants. Options granted under the Plan may not be exercised after 10 years from the date the option is granted. A total of 2,921,260 shares of common stock were reserved for awards granted under the Plan.

Employment Agreements, Termination of Employment and Change-in-Control Arrangements

There are no employment agreements with the Company's key employees at this time.

Director Compensation

Stock Options

Stock options and equity compensation awards to our non-employee / non-executive director are at the discretion of the Board. To date, no options or equity awards have been made to our non-employee / non-executive director.

Cash Compensation

Our non-employee / non-executive director is eligible to receive a fee to be paid for attending each Board meeting; however, no fees were paid in 2013 other than those disclosed in the Director Compensation table.

Travel Expenses

All directors shall be reimbursed for their reasonable out of pocket expenses associated with attending the meeting.

Director Compensation

The following table shows the overall compensation earned for the 2013 fiscal year with respect to each non-employee and non-executive director as of December 31, 2013.

DIRECTOR COMPENSATION

Name and Principal Position	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards (1)	Non-Equity Incentive Plan Compensation ($)(2)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation (3)	Total ($)
Sakae Torisawa	Director	–	–	–		–	
Chua Leong Hin	Director	–	–	–	–	–	–
Percy Chua Soo Lian	Director	–	–	–	–	32,435.00	–

(1) Reflects dollar amount expensed by the company during applicable fiscal year for financial statement reporting purposes pursuant to FAS 123R. FAS 123R requires the company to determine the overall value of the options as of the date of grant based upon the Black-Scholes method of valuation, and to then expense that value over the service period over which the options become exercisable (vest). As a general rule, for time-in-service-based options, the company will immediately expense any option or portion thereof which is vested upon grant, while expensing the balance on a pro rata basis over the remaining vesting term of the option. For a description FAS 123 R and the assumptions used in determining the value of the options under the Black-Scholes model of valuation, if applicable, see the notes to the financial statements included with this Form 10-K.

(2) Excludes awards or earnings reported in preceding columns.

(3) Includes all other compensation not reported in the preceding columns, including (i) perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than $10,000; (ii) any "gross-ups" or other amounts reimbursed during the fiscal year for the payment of taxes; (iii) discounts from market price with respect to securities purchased from the company except to the extent available generally to all security holders or to all salaried employees; (iv) any amounts paid or accrued in connection with any termination (including without limitation through retirement, resignation, severance or constructive termination, including change of responsibilities) or change in control; (v) contributions to vested and unvested defined contribution plans; (vi) any insurance premiums paid by, or on behalf of, the company relating to life insurance for the benefit of the director; (vii) any consulting fees earned, or paid or payable; (viii) any annual costs of payments and promises of payments pursuant to a director legacy program and similar charitable awards program; and (ix) any dividends or other earnings paid on stock or option awards that are not factored into the grant date fair value required to be reported in

a preceding column.

Limitation of Liability of Directors

The laws of the State of Nevada and the Company's By-laws provide for indemnification of the Company's directors for liabilities and expenses that they may incur in such capacities. In general, directors and officers are indemnified with respect to actions taken in good faith in a manner reasonably believed to be in, or not opposed to, the best interests of the Company, and with respect to any criminal action or proceeding, actions that the indemnitee had no reasonable cause to believe were unlawful.

The Company has been advised that in the opinion of the Securities and Exchange Commission, indemnification for liabilities arising under the Securities Act is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

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

General

As of March 1, 2014, a total of 199,990,043 shares of our common stock were outstanding. The following table set forth information as of that date regarding the beneficial ownership of our common stocks by:

- Each of our directors
- Each of our named executive officers
- All of our directors and executive officers as a group; and
- Each person known by us to beneficially own 5% or more of the outstanding shares of our common stock as of the date of the table

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock	Percent of Class of Common Stock
Colin St.Gerard Binny former CEO, CFO and Director 62 Cecil Street #06-00 TPI Building Singapore 049710	22,111,888 (1) & (2) (Indirect)	12.96%
Sakae Torisawa, Chairman 62 Cecil Street #06-00 TPI Building Singapore 049710	1,712,808 (Direct)	1.00%
Chua Leong Hin, CEO, CFO and Director 62 Cecil Street #06-00 TPI Building Singapore 049710	0 (Direct) (3)	0%
Percy Chua Soo Lian, Director 62 Cecil Street #06-00	0 (Direct)	0%

TPI Building
Singapore 049710

All Directors and Officers As a Group (3 persons)	23,824,696	13.96%

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(1) Except as otherwise indicated, the Company believes that the beneficial owners of Common Stock listed above, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of Common Stock subject to options or warrants currently exercisable, or exercisable within 60 days, are deemed outstanding for purposes of computing the percentage of the person holding such options or warrants, but are not deemed outstanding for purposes of computing the percentage of any other person.

(2) Based on a total of 22,111,888 shares of common stock of Amaru, Inc held by Mr. Binny and his wife, Chew Bee Lian, indirectly as 100% shareholders of B Media Pte Ltd (formerly known as M2B Media Pte Ltd).

(3) Mr. Chua Leong Hin is a shareholder of M2B World Asia Pacific Pte. Ltd, a subsidiary of the Company. He holds 1,296,336 ordinary shares (3.05%) of the total shares outstanding of 42,459, 976 ordinary shares in M2B World Asia Pacific Pte. Ltd.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See Note 2 and Note 11 to the Financial Statements of the Company.

ITEM 14: PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

The following table presents fees for professional audit services rendered by our auditors for the year ended December 31, 2013 and December 31, 2012.

	2013	2012
Audit fees (1)	$68,146	$52,857
	–	–
Total	$68,146	$52,857

(1) Audit Fees: These are fees paid and payable for professional services performed for the financial year ended December 31, 2013 and 2012 by Wei Wei & Co LLP, James Raj & Co, Kelvin Wong & Co, Wilson Morgan, LLP and Mendoza, Berger & Co. LLP.

FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES

For the fiscal years ended December 31, 2013 and 2012, there were no fees billed for professional services by the Company's independent auditors rendered in connection with, directly or indirectly, operating or supervising the operation of its information system or managing its local area network.

ALL OTHER FEES

For the fiscal years ended December 31, 2013 and 2012, there were no fees paid or billed for preparation of corporate tax returns, tax research and other professional services rendered by the Company's independent auditors.

ITEM 15: EXHIBITS

The following exhibits are included herein or incorporated by reference:

Exhibit Number	Description
2.1	Agreement and Plan of Reorganization with M2B World Pte. Ltd..**
3.1	Articles of Incorporation*
3.2	Amendment to the Articles of Incorporation***
3.3	Bylaws*
4.1	Form of Subscription Agreement executed by investors in the Private Placement*
10.1	Sale and Purchase Agreement dated January 15, 2007.**
14.1	Code of Ethics of the Company*
14.2	Code of Ethics of Senior Officers of the Company*
21	Company's Subsidiaries
23.1	Consent of Mendoza Berger & Company.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

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* Previously filed with the Securities and Exchange Commission On Form 10-SB.

** Previously filed with the Securities and Exchange Commission On Form 8-K.

*** Previously filed with the Securities and Exchange Commission on Schedule 14C.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Amaru, Inc.
	BY: /s/ Leong Hin Chua
Date: April 15, 2014	Leong Hin Chua, President and CEO

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

/s/ Leong Hin Chua Leong Hin Chua	President, CEO, Interim CFO and Director (Principal Executive Officer and Principal Financial officer)	Date: April 15, 2014
/s/ Sakae Torisawa Sakae Torisawa	Director and Chairman of the Board of Directors	Date: April 15, 2014
/s/ Percy Chua Soo Lian Percy Chua Soo Lian	Director	Date: April 15, 2014

Amaru, Inc. and subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ended DECEMBER 31, 2013 and 2012

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REPORT OF INDEPENDENT REGISTERED PUBLIC

ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Amaru, Inc.

We have audited the accompanying consolidated balance sheets of Amaru, Inc. and Subsidiaries (the "Company") as of December 31, 2013 and 2012 and the related consolidated statements of operations , stockholders' deficit and comprehensive income and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure 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 Amaru, Inc. and Subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements as of and for the year ended December 31, 2013 and 2012 have been prepared assuming the Company will continue as a going concern. As more fully described in Note 2 to the consolidated financial statements, the Company has sustained accumulated losses from operations totaling $42,759,864 and $40,251,993 at December 31, 2013 and 2012, respectively. The Company's continued losses from operations and the difficulty it has had in raising adequate additional financing and lack of significant revenue, raise substantial doubt about the Company's ability to continue as going concern. Management's plans to address these conditions are also set forth in Note 2 to the consolidated financial statements. The accompanying consolidated financial statements do not include any adjustments which might be necessary if the Company is unable to continue as a going concern.

Wei, Wei & Co., LLP

/s/ Wei, Wei & Co., LLP

Flushing, New York

April 15, 2014

Amaru, Inc. and subsidiaries

CONSOLIDATED BALANCE SHEETS (IN U.S. $)
As of DECEMBER 31, 2013 and 2012

ASSETS	December 31, 2013	December 31, 2012
Current assets		
Cash	**$ 33,338**	$ 33,460
Accounts receivable, net of allowance of $247,590 and $265,671 at December 31, 2013 and 2012, respectively	**18,781**	54,714
Equity securities held for trading	**–**	598,429
Other current assets	**183,666**	256,061
Total current assets	**235,785**	942,664
Non-current assets		
Property, plant and equipment, net	**2,938**	7,256
Investments – net	–	1,550,503
Total non-current assets	**2,938**	1,557,759
TOTAL ASSETS	**$ 238,723**	$ 2,500,423

See accompanying notes to the consolidated financial statements.

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Amaru, Inc. and subsidiaries

CONSOLIDATED BALANCE SHEETS (iN U.S. $)
DECEMBER 31, 2013 and 2012

LIABILITIES AND STOCKHOLDERS' DEFICIT	December 31, 2013	December 31, 2012
Current liabilities		
Accounts payable and accrued expenses	**$1,543,354**	$1,081,530
Advances from related parties	**300,403**	300,403
Term loan	**1,499,750**	1,898,470
Total current liabilities	**3,343,507**	3,280,403
Total liabilities	**3,343,507**	3,280,403
Stockholders' deficit		
Preferred stock (par value $0.001) 25,000,000 shares authorized; 9,247,478 and 6,643,054 shares issued and outstanding at December 31, 2013 and 2012, respectively	**9,247**	6,643
Common stock (par value $0.001) 400,000,000 shares authorized; 194,656,710 shares issued and outstanding at December 31, 2013 and 2012, respectively	**194,657**	194,657
Additional paid-in capital	**43,131,009**	42,797,837
Accumulated deficit	**(42,759,864)**	(40,251,993)
Total stockholders' equity	**575,049**	2,747,144
Non-controlling interests	**(3,679,833)**	(3,527,124)
Total stockholders' deficit	**(3,104,784)**	(779,980)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	**$238,723**	$2,500,423

See accompanying notes to the consolidated financial statements.

amaru, Inc. and subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

(IN U.S. $)

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

	2013	2012
Revenues	**$27,924**	$19,012
Cost of services	**(146,060)**	(89,845)
Gross loss	**(118,136)**	(70,833)
Operating expenses		
Distribution costs	**47,374**	50,538
Bad debts	**72,979**	–
Administrative expenses	**837,953**	854,540
Total expenses	**958,306**	905,078
Loss from operations	**(1,076,442)**	(975,911)
Other income (expense)		
Interest expenses	**(96,042)**	(135,358)
Interest income	–	13
Gain on disposal of equipment	–	66,506
(Loss) gain on sales of securities	**(45,991)**	264,756
Impairment loss on investment	**(1,550,503)**	–
Net change in fair value of securities held for trading	**(42,196)**	865,429
Other	**150,594**	70,398
Income (loss) before income taxes	**(2,660,580)**	155,833
Provision for (benefit from) income taxes	**–**	–
Net income (loss) before non-controlling interests	**(2,660,580)**	155,833
Non-controlling interests	**(152,709)**	53,480
Net (loss) income	**(2,507,871)**	102,353

See accompanying notes to the consolidated financial statements.

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amaru, Inc. and subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

(IN U.S. $)

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

	2013	2012
Earnings per share, basic	**(0.01)**	0.00
Earnings per share, diluted	**(0.01)**	0.00
Weighted average shares outstanding , basic	**202,001,962**	200,774,492
Weighted average shares outstanding , diluted	**202,001,962**	200,774,492

See accompanying notes to the consolidated financial statements.

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Amaru, Inc. and subsidiaries

CONSOLIDATED STATEMENT OF Stockholders' DEFICIT (IN U.S. $)

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Preferred stock		**Common stock**			
	Number of shares	**Par value ($0.001)**	**Number of shares**	**Par value ($0.001)**	**Additional paid-in Capital**	**Accumulated (deficit)**
Balance at December 31, 2011	5,081,951	$ 5,082	194,656,710	$194,657	$42,565,234	$(40,354,346)
Subscribed preferred stock issued	1,561,103	1,561	–	–	232,603	–
Net income	–	–	–	–	–	102,353
Balance at December 31, 2012	6,643,054	6,643	194,656,710	194,657	42,797,837	(40,251,993)
Subscribed preferred stock issued	2,604,424	2,604	–	–	333,172	–
Net loss	–	–	–	–	–	(2,507,871)
Balance at December 31, 2013	**9,247,478**	**$ 9,247**	**194,656,710**	**$194,657**	**$43,131,009**	**$(42,759,864)**

See accompanying notes to the consolidated financial statements.

Amaru, Inc. and subsidiaries

CONSOLIDATED STATEMENT OF Stockholders' DEFICIT (IN U.S. $)

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Minority interest	**Total shareholders' (deficit)**
Balance at December 31, 2011	$(3,580,604)	$(1,169,977)
Subscribed preferred stock Issued	–	234,164
Net income	53,480	155,833
Balance at December 31, 2012	(3,527,124)	(779,980)
Subscribed preferred Stock issued	–	335,776
Net loss	(152,709)	(2,660,580)
Balance at December 31, 2013	**$(3,679,833)**	**$(3,104,784)**

See accompanying notes to the consolidated financial statements.

Amaru, Inc. and subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS (IN U.S. $)

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Cash flows from operating activities		
Net (loss) income before non-controlling interests	**$(2,660,580)**	$155,833
Adjustment to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	**5,847**	38,689
Impairment loss on investments	**1,550,503**	–
Net change in fair value of securities held for trading	**42,196**	(865,429)
Loss (gain) from sales of securities	**45,991**	(264,756)
Change in operating assets and liabilities		
Decrease (increase) in accounts receivable	**35,933**	(41,829)
Decrease in other current assets	**72,395**	8,308
Increase in accounts payable and accrued expenses	**461,824**	68,644
Net cash used in operating activities	**(445,891)**	(900,540)
Cash flows from investing activities		
Acquisition of equipment	**(1,529)**	(6,147)
Cash proceeds from sales of securities	**510,242**	1,116,160
Net cash provided by investing activities	**508,713**	1,110,013
Cash flows from financing activities		
Payable to related parties	–	(62)
Repayment of obligation under capital lease	–	(27,933)
Repayment of term loan	**(398,720)**	(601,530)
Issuance of preferred stock for cash	**335,776**	234,164
Net cash used in financing activities	**(62,944)**	(395,361)

See accompanying notes to the consolidated financial statements.

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Amaru, Inc. and subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (IN U.S. $)

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

	December 31, 2013	December 31, 2012
Net decrease in cash	**(122)**	(185,888)
Cash and cash equivalents at beginning of year	**33,460**	219,348
Cash and cash equivalents at end of year	**$ 33,338**	$33,460

Supplemental disclosure of cash flow information

Cash paid for income taxes	$ **–**	$–
Cash paid for interest	$ **–**	$–

See accompanying notes to the consolidated financial statements.

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AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

1. ORGANIZATION

Amaru, Inc. and Subsidiaries (the "Company") is developing the business of broadband entertainment-on-demand, streaming via computers, television sets, PDAs (personal digital assistant) and the provision of broadband services. Its business includes channel and program sponsorship (advertising and branding); online subscriptions, channel/portal development (digital programming services); content aggregation and syndication, broadband consulting services, broadband hosting and streaming services and e-commerce.

The Company was also previously in the business of digit gaming (lottery). That license has been suspended.

The key business focus of the Company is to establish itself as the provider and creator of a new generation of entertainment-on-demand and e-commerce channels on broadband, and 3G (third generation) devices.

The Company delivers both wire and wireless solutions, streaming via computers, TV sets, PDAS and 3G hand phones.

The Company's business model in the area of broadband entertainment includes e-services, which the Company believes will provide it with multiple streams of revenue. Such revenues is derived from advertising and branding (channel and program sponsorship); on-line subscriptions; channel/portal development (digital programming services); content aggregation and syndication; broadband consulting services; broadband hosting and streaming services; and on-line dealerships and pay per view services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation

The consolidated financial statements include the financial statements of Amaru, Inc. and its majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. In addition, the Company evaluates its relationships with other entities to identify whether they are variable interest entities as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Section 810, "Consolidation" and assesses whether it is the primary beneficiary of such entities. If the determination is made that the Company is the primary beneficiary, then that entity is included in the consolidated financial statements in accordance with ASC 810.

AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Presentation as a going concern

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has an accumulated deficit of $42,759,864 and $41,220,399 at December 31, 2013 and 2012, respectively. The Company also has a working capital deficit of $3,107,722 and $2,337,776 at December 31, 2013 and 2012, respectively. The Company has had difficulty in raising adequate additional funding.

The items discussed above raise substantial doubts about the Company's ability to continue as a going concern. The Company will require additional financing in order to execute its operating plan and continue as a going concern. The Company cannot predict whether this additional financing will be in the form of equity, debt or another form. The Company may not be able to obtain the necessary additional capital on a timely basis, on acceptable terms, or at all. Should financing sources fail to materialize, management would seek alternate funding sources such as the sale of common and/or preferred stock, the issuance of debt or other means. The Company plans to attempt to address its working capital deficiency by increasing its sales, maintaining strict expense controls and seeking strategic alliances.

In the event that these financing sources do not materialize, or the Company is unsuccessful in increasing its revenues and attaining profitable operations, the Company will be forced to further reduce its costs, may be unable to repay its debt obligations as they become due or respond to competitive pressures, any of which circumstances would have a material adverse effect on its business, prospects, financial condition and results of operations.

The financial statements do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts or amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all demand and time deposits and all highly liquid investments with an original maturity of three months or less to be cash equivalents.

AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable

Accounts receivable is stated at cost, net of an allowance for doubtful accounts, if required. Receivables outstanding longer than the payment terms are considered past due. The Company maintains an allowance for doubtful accounts for estimated losses when necessary resulting from the failure of customers to make required payments. The Company reviews the accounts receivable on a periodic basis and makes allowances where there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, the customer's payment history, its current credit-worthiness and current economic trends.

The Company’s primary exposure to credit risk arises through its accounts receivable. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Film library

Investment in the Company's film library includes movies, dramas, comedies and documentaries in which the Company has acquired distribution rights from a third party. For acquired films, these capitalized costs consist of minimum guarantee payments to acquire the distribution rights. Costs of acquiring the Company's film libraries are amortized using the individual-film-forecast method in accordance with ASC 926, " Entertainment—Films " whereby these costs are amortized and participations and residuals costs are accrued in the proportion that current year's revenue bears to management's estimate of ultimate revenue at the beginning of the current year expected to be recognized from the exploitation, exhibition or sale of the films. Ultimate revenue for acquired films includes estimates over a period not to exceed twenty years following the date of acquisition. Investments in films are stated at the lower of amortized cost or estimated fair value.

The valuation of investment in films is reviewed on an overall basis, when an event or change in circumstances indicates that the fair value of the film library is less than its unamortized cost. The fair value of the film is determined using management's future revenue and cost estimates and a discounted cash flow approach. Additional amortization is recorded in the amount by which the unamortized costs exceed the estimated fair value of the film. Estimates of future revenue involve measurement uncertainty and it is therefore possible that reductions in the carrying value of investment in films may be required as a consequence of changes in management's future revenue estimates.

The Company most recently completed an impairment evaluation in the fourth quarter of fiscal year 2009. The film library was determined to be impaired during the year ended December 31, 2009. In conducting the analysis, the Company used a discounted cash flow approach in estimating fair value as market values could not be readily determined given the unique nature of the respective assets. Based upon the analysis the Company determined that carrying amount of the film library exceeded its fair value by $19,166,406, as reflected Note 7.

AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation. Cost includes the price paid to acquire or construct the asset, including capitalized interest during the construction period, and any expenditures that substantially increase the assets value or extend the useful life of an existing asset. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Major repairs and betterments that significantly extend original useful lives or improve productivity are capitalized and depreciated over the periods benefited. Maintenance and repairs are generally expensed as incurred. The estimated useful lives of the assets range from 3 to 5 years.

Intangible assets

Intangible assets consist of gaming, software license and product development costs. Intangible assets which were purchased for a specific period are stated at cost less accumulated amortization and impairment losses. Such intangible assets are reviewed for impairment in accordance with ASC 350, " Intangibles—Goodwill and Other ". Such intangible assets are amortized over the period of the contract, which is 2 to 18 years.

Equity method investment

An equity method investment is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. In accordance with

ASC Section 323, results and assets and liabilities of equity method investments are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the group's share of the net assets of the equity method investment, less any impairment in the value of individual investments. Losses of an equity method investment in excess of the group's interest in that equity method investment (which includes any long-term interests that, in substance, form part of the Company's net investment in the equity method investment) are not recognized, unless the group has incurred legal or constructive obligations or made payments on behalf of the equity method investment.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the equity method investment recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, is recognized immediately in the consolidated profit and loss statement.

Where a consolidated entity transacts with an equity method investee of the group, profits and losses are eliminated to the extent of the consolidated interest in the relevant Equity Method Investments.

AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Company classifies its investments in marketable equity and debt securities as "available-for-sale," "held to maturity" or "trading" at the time of purchase in accordance with ACS Section 320 “Investments - Debt and Equity Securities.” Equity securities held for trading as of December 31, 2013 and December 31, 2012 were nil, and $598,429, respectively. The changes relates to a realized loss of $42,196 and an unrealized gain of $14,023, for December 31, 2013 and 2012, respectively.

Available-for-sale securities are carried at fair value with unrealized gains and losses, net of related tax, if any, reported as a component of other comprehensive income (loss) until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific-identification basis. A decline in the market value of any available-for-sale security below cost that is deemed to be other than temporary will result in an impairment, which is charged to earnings.

Investments that are not publicly traded or have resale restrictions greater than one year are accounted for at cost. The Company's cost method investments include companies involved in the broadband and entertainment industry. The Company uses available qualitative and quantitative information to evaluate all cost method investments for impairment at least annually. An impairment is booked when there is an other-than-temporary difference between the carrying amount and fair value of the investment that would result in a loss.

Valuation of long-lived assets

The Company accounts for long-lived assets under ASC 360, “Property, Plant, and Equipment”. Management assesses the recoverability of its long-lived assets, which consist primarily of fixed assets and intangible assets with finite useful lives, whenever events or changes in circumstance indicate that the carrying value may not be recoverable. The following factors, if present, may trigger an impairment review: (i) significant underperformance relative to expected historical or projected future operating results; (ii) significant negative industry or economic trends; (iii) significant decline in the Company's stock price for a sustained period; and (iv) a change in the Company's market capitalization relative to net book value. If the recoverability of these assets is unlikely because of the existence of one or more of the above-mentioned factors, an impairment analysis is performed using a projected discounted cash flow method. Management must make assumptions regarding estimated future cash flows and other factors to determine the fair value of these respective assets. If these estimates or related assumptions change in the future, the Company may be required to record an impairment charge. Impairment charges would be included in the Company's consolidated statements of operations, and would result in reduced carrying amounts of the related assets on the Company's consolidated balance sheets.

AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value of financial instruments

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs – Unadjusted quoted market prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Inputs – Quoted prices in markets that not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Fair values of the Company's financial assets and liabilities as of December 31, 2013 are as follows:

	Total	Level 1	Level 2	Level 3
Assets:				
Equity securities held for trading	$ –	$ –	$ –	$ –
	$ –	$ –	$ –	$ –

Fair values of the Company's financial assets and liabilities as of December 31, 2012 are as follows:

	Total	Level 1	Level 2	Level 3
Assets:				
Equity securities held for trading	$598,429	$598,429	$ –	$ –
	$598,429	$598,429	$ –	$ –

Advances from related party

Advances from a director and related party of $300,403 at December 31, 2013 are unsecured, non-interest bearing and payable on demand.

AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

Transactions in foreign currencies are measured and recorded and translated to the reporting currency, U.S. dollars, using the Company's prevailing month exchange rate. At the balance sheet date, recorded monetary balances that are denominated in a foreign currency are adjusted to reflect the rate at the balance sheet date and the income statement accounts using the average exchange rates throughout the period. Translation gains and losses are recorded in stockholders' equity as other Comprehensive income and realized gains and losses from foreign currency transactions are reflected in operations. Translation gains or losses as of December 31, 2013 and 2012 were not material to the consolidated financial statements.

Revenues

The Company's primary sources of revenue are from the sales of advertising space on interactive websites owned by the Company; distribution and licensing of content to partners and broadband consulting services.

The Company recognizes revenue in accordance with ASC 605-10. Revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service or product is performed or delivered and collectability of the resulting receivable is reasonably assured.

Website advertising revenue is recognized on a cost per thousand impressions (CPM) or cost per click (CPC), and flat-fee basis. The Company earns CPM or CPC revenue from the display of graphical advertisements. An impression is delivered when an advertisement appears in pages viewed by users. Revenue from graphical advertisement impressions is recognized based on the actual impressions delivered in the period. Revenue from flat-fee services is based on a customer's period of contractual service and is recognized on a straight-line basis over the term of the contract. Proceeds from subscriptions are deferred and are included in revenue on a pro-rata basis over the term of the subscriptions.

The Company enters into contractual arrangements with customers to license and distribute content; revenue is earned from content licenses, and content syndication. Agreements with these customers are typically for multi-year periods. For each arrangement, revenue is recognized when both parties have signed an agreement, the fees to be paid by the customer are fixed or determinable, collection of the fees is probable, the delivery of the service has occurred, and no other significant obligations on the part of the Company remain. Licensing and content syndication revenue is recognized when the license period begins, and the contents are available for exploitation by customer, pursuant to the terms of the license agreement.

The Company enters into contractual arrangements with customers on broadband consulting services and on-line turnkey solutions. Revenue is earned over the period in which the services are rendered. For each arrangement, revenue is recognized when a written agreement between both parties exist, the fees to be paid by the customer are fixed or determinable, collection of the fees is probable, and fulfillment of the obligations under the agreement has occurred, Revenue from broadband consulting services and on-line turnkey solutions is recognized over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed. It is generally recognized from the date of acceptance and fulfillment of obligations under the sale and purchase agreement.

AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cost of services

The cost of services pertaining to advertising and sponsorship revenue and subscription and related services are cost of bandwidth charges, channel design and alteration, copyright licensing, and hardware hosting and maintenance costs. The cost of services pertaining to E-commerce revenue is channel design and alteration, and hardware hosting and maintenance costs. All these costs are accounted for in the period incurred.

Income taxes

Deferred income taxes are determined using the liability method in accordance with ASC 740, “Income Taxes.” Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income taxes are measured using enacted tax rates expected to apply to taxable income in years in which such temporary differences are expected to be recovered or settled. The effect on deferred income taxes of a change in tax rates is recognized in the statement of income of the period that includes the enactment date. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

The Company files income tax returns in the United States Federal jurisdiction and certain states in the United States and certain other foreign jurisdictions. The Company is beyond the statute of limitations subjecting it to U.S. Federal and state income tax examinations by tax authorities for years before 2008. No income tax returns are currently under examination by any tax authorities.

Income (loss) per share or Earnings (loss) per share

The Company computes net income (loss) per common share in accordance with FASB ASC 260, "Earnings Per Share" ("ASC 260") and SEC SAB 98. Under the provisions of ASC 260 and SAB 98, basic net income (loss) per common share is computed by dividing the net income (loss) available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted income per common share is computed by dividing the amount available to common shareholders by the weighted average number of shares of common stock outstanding plus the effect of any dilutive shares outstanding during the period. The Company has no common stock equivalents, which would dilute earnings per share.

Advertising

The cost of advertising is expensed as incurred. For the years ended December 31, 2013 and 2012, the Company incurred advertising expenses of $6,823 and $8,859, respectively.

Reclassifications

Certain amounts in the previous periods presented have been reclassified to conform to the current year financial statement presentation.

AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

3. RECENTLY ISSUED ACCOUNTING STANDARDS

On March 5, 2013, the FASB issued ASU 2013-05 to provide guidance for whether to release cumulative translation adjustments ("CTA") upon certain derecognition events. The update was issued to resolve the diversity in practice about whether Subtopic ASC 810-10, "Consolidation-Overall, " or ASC 830-30, "Foreign Currency Matters-Translation of Financial Statements, " applies to such transactions. ASU 2013-05 is effective prospectively for all entities with derecognition events after the effective date. For public entities, the guidance is effective for fiscal years, and interim periods within those years, beginning after December 31, 2013. ASC 830-30 applies when an entity ceases to have a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity. Consequently, the CTA is released into net income only if the transaction results in complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets resided. Otherwise, no portion of the CTA is released. The adoption of this pronouncement is not expected to have a significant impact on the Company's consolidated financial condition or results of operations.

In July 2012, the FASB issued an authoritative pronouncement related to testing indefinite-lived intangible assets, other than goodwill, for impairment. Under the pronouncement, entities testing indefinite-lived intangible assets for impairment would have the option of performing a qualitative assessment before calculating the fair value of the asset. If an entity determines, on the basis of qualitative factors, that the indefinite-lived intangible asset is not more likely than not impaired, a quantitative fair value calculation would not be needed. The amendments are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The adoption of this pronouncement did not have a significant impact on the Company's consolidated financial condition or results of operations.

In December 2011, the FASB issued ASU No. 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities. Offsetting, otherwise known as netting, is the presentation of assets and liabilities as a single net amount in the statement of financial position (balance sheet). U.S. GAAP allows companies the option to present net in their balance sheets derivatives that are subject to a legally enforceable netting arrangement with the same party where rights of set-off are only available in the event of default or bankruptcy.

ASU 2011-11 requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The adoption of this guidance did not have a material impact on the Company's financial statements.

AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

4. EQUITY SECURITIES HELD FOR TRADING INVESTMENT

	December 31, 2013	December 31, 2012
Quoted equity security, at fair value.	**$ –**	$ 598,429

The fair value of quoted security is based on the quoted closing market price on the date of sale. The investment in quoted equity security at fair value includes a realized loss of $42,196 for the year ended December 31, 2013 and unrealized gain of $14,023 for the year ended December 31, 2012.

The Company's equity securities held for trading investment is denominated in Indonesian Ruppiah.

5. OTHER CURRENT ASSETS

Other current assets consist of the following:

	December 31, 2013	December 31, 2012
Prepayments	**$ 26,111**	$ 49,355
Deposits	**35,685**	38,125
Loan receivable	**100,000**	100,000

Other receivables	**21,870**	68,581
	$183,666	$256,061

A $100,000 non-interest bearing loan that was made to a third party has been included in other receivables as of December 31, 2013 and December 31, 2012.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 2013	December 31, 2012
Office equipment	**$930,709**	$929,179
Motor vehicle	**11,000**	11,000
Furniture, fixture and fittings	**89,960**	89,960
Pony set-top boxes	**843,946**	843,946
	1,875,615	1,874,085
Accumulated depreciation	**(1,872,677)**	(1,866,829)
	$2,938	$7,256

Depreciation expense was $5,847 for the year ended December 31, 2013 and $38,689 for the year ended December 31, 2012.

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AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

7. FILM LIBRARY

Film library consist of the following:

	December 31, 2013	December 31, 2012
Acquired film library	**$23,686,731**	$23,686,731
Accumulated amortization	**(4,520,325)**	(4,520,325)
	19,166,406	19,166,406
Impairment of film library	**(19,166,406)**	(19,166,406)
Film library	**$–**	$–

Amortization expense was $0 for the years ended December 31, 2013 and 2012, respectively.

8. INTANGIBLE ASSETS

Intangible assets consist of the following:

	December 31, 2013	December 31, 2012

Finite-lived intangible assets		
Gaming license	**$7,090,000**	$7,090,000
Product development expenditures	**719,220**	719,220
Software license	**12,649**	12,649
	7,821,869	7,821,869
Accumulated amortization	**(1,974,328)**	(1,974,328)
	5,847,541	5,847,541
Impairment loss	**(5,847,541)**	(5,847,541)
	$–	$–

Amortization expense was $0 for the year ended December 31, 2013 and 2012, respectively.

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AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

9. INVESTMENTS - NET

Investments held at cost consist of the following:

	December 31, 2013	December 31, 2012
Current:		
Unquoted securities	**$– –**	$– –
Non-current:		
Unquoted securities	**2,802,613**	2,802,613
Impairment on unquoted securities	**(2,802,613)**	(1,252,110)
	$-	$1,550,503

The Company's $2,802,613 investment at cost relates to a casino that operates in Cambodia. This investment is subject to numerous risks, including:

-difficulty enforcing agreements through the Cambodia's legal system;

-general economic and political conditions in Cambodia; and

-the Cambodian government may adopt regulations or take other actions that could directly or indirectly harm the equity method investment's business and growth strategy.

The occurrence of any one of the above risks could harm the cost method investment's business and results of operations. Management reviews this investment on a quarterly basis. For the years ended December 31, 2013 and 2012, charges of $1,550,503 and nil were recorded for investment, respectively.

AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

10. COMMITMENTS

Operating Leases

The Company leases one of its offices at a monthly rental of approximately $9,834 under an operating lease which expired on August 14, 2012 and subsequently renewed until August 14, 2014. Total rental expense under operating leases for the year ended December 31, 2013 and 2012 was $115,231 and $114,074, respectively. As of December 31, 2013, the future minimum lease payments are as follows:

For the year ended December 31,	Operating
2014	71,174
	$ 71,174

11. INCOME TAXES

The Company files separate tax returns for Singapore and the United States of America.

The Company had approximately $5,200,000 and $4,500,000 in deferred tax assets as of December 31, 2013 and 2012, respectively. The Company provided a full allowance of $5,200,000 and $4,500,000 as of December 31, 2013 and 2012, respectively.

The Company had available approximately $8,100,000 of unused U.S. net operating loss carry-forwards at December 31, 2013, that may be applied against future taxable income. These net operating loss carry-forwards expire for U.S. income tax purposes beginning in 2033. There is no assurance the Company will realize the benefit of the net operating loss carry-forwards.

The Company requires a valuation allowance to be recorded when it is more likely than not that some or all of the deferred tax assets will not be realized. As of December 31, 2013, the Company maintained a valuation allowance for the U.S. deferred tax asset due to uncertainties as to the amount of the taxable income from U.S. operations that will be realized.

The Company had available approximately $11,300,000 and $11,200,000 of unused Singapore tax losses and capital allowance carry-forwards at December 31, 2013 and 2012, respectively, that may be applied against future Singapore taxable income indefinitely provided the company satisfies the shareholdings test for carry-forward of tax losses and capital allowances.

AMARU, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012

12. CONVERTIBLE TERM LOAN

	December 31, 2013	December 31, 2012
Current:		
Convertible loan	**$1,499,750**	$1,898,470
	$1,499,750	$1,898,470

The convertible loan represents a two year convertible loan drawn down by a subsidiary company, M2B World Asia Pacific Pte. Ltd. It bears interest at a fixed rate of 5.0% per annum. The loan allowed the lender the option to convert the loan into shares of the subsidiary company at the issue price of $0.942 per share at the end of the two year period. The due date of the loan was July 7, 2010. The conversion period of the convertible loan was extended for an additional twelve months commencing July 8, 2010 and was further extended to June 29, 2012. M2B World Asia Pacific Pte. Ltd. is negotiating to obtain further extension on the convertible loan. The accrued interest was $96,042 and $130,602 as of December 31, 2013 and 2012, respectively.

13. CONTINGENCIES

On October 16, 2013, M2B World Asia Pacific Pte Ltd. (“Plaintiff”), a subsidiary of the Company, filed a civil claim against a director (“Defendant”) of a subsidiary of a company listed on the Singapore Stock Exchange for repayment of US$1,000,000, representing a commission received in advance by the Defendant in exchange for procurement of a significant advertising contract on the Plaintiffs behalf. On March 7, 2014, a judgment was rendered in favor of the Plaintiff in the sum of US$1,000,000 and interest at the rate of 5.33% per annum from the date of the claim. On April 7, 2014, the Defendant filed an appeal to the highest court.

The outcome of this claim is uncertain as of the date of report. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

14. SUBSEQUENT EVENTS

The following subsequent events have occurred through the filing date of this report, April 15, 2014.

From January 23, 2014 to March 17, 2014, the Company issued a total of 2,440,000 shares of Series B Convertible Preferred Stock ("Preferred Stock") through its private placement of shares of Preferred Stock at a purchase price of $0.10 per share for a total amount of $244,000, to "accredited investors", as that term is defined in Regulation D of the Securities Act of 1933. Each share of Series B Convertible Preferred Stock is convertible into ten (10) shares of common stock