

AMARU INC  
Form 10-K  
September 26, 2016

**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, 2015**

**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 (I.R.S. Employer  
Incorporation or Organization) Identification No.)

**35 TAI SENG STREET, #01-01 TATA COMMUNICATIONS EXCHANGE, SINGAPORE 534103**

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(65) 6309 3055**

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 o No x

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 o

No ☒ x

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 July 31, 2016, 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 July 31, 2016 at \$0.01 per share as reported by the FINRA OTC BB was \$2,040,753. 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 235,788,132 as of July 31, 2016. 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, 2015

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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 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 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 and TV sets. The Company's business model in the area of broadband entertainment includes e-services, which would provide 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; 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 35 Tai Seng Street, #01-01 Tata Communications Exchange, Singapore 534103; telephone (65) 63093055. The corporate website is located at [www.amaruinc.com](http://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.

## **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    |
| 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                      |

The Company offers consumers personalized entertainment through its wide range of broadband streaming channels available via [www.amaruinc.com](http://www.amaruinc.com) and [www.wowtv.com](http://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 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.

## **· 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 Samsung Asia Pte Ltd, Panasonic Asia Pacific Pte Ltd (Singapore), Google Ireland Limited, LG Electronics Inc. (Korea), Yahoo Asia Pacific Pte Ltd, Beijing Bellamind Picture Ltd. (China), Infocomm Development Authority of Singapore, Automoto TV (Europe), Opera Software ASA (Europe), FCCE Distribution (FCCE), PT. LEJEL E&M (Arjuna TV), Stand Inc (for Gyao Yahoo Japan), The Dive Channel, Shortman Films Pte Ltd, Everymedia Technologies Pvt Ltd. Splash News & Picture Agency, LLC. (UK). Himalayan Global Technowave Pte Ltd (Singapore), Zeasn Information Technology Co., Ltd. (Taiwan), Hisense International Co., Ltd (China). The Company will continue to forge strategic partnership opportunities including live TV streaming over mobile and smart TVs, and in 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:

- Target ethnic community viewership in Singapore and launch related channels on OTT platforms.
- To stream Live TV channels on mobile and moving on to smart TV across globally.
- Continuing to build its library of content rights on the broadband to provide sustained high quality on-demand video-based entertainment, live tv (linear Channels) and e-commerce that will maintain and grow its worldwide base of viewers.
- Penetrating new markets to deliver WOWtv branded content to any screen including PC, Smart Phones and Smart TVs, as well as wireless mobile devices like iPads / tablets and to establish new delivery channels such as OTT (over the top) to meet the changing preferences of viewers and consumers, worldwide.
-

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Capitalizing 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](http://www.amaruinc.com) or directly go to the entertainment sites at [www.wowtv.com](http://www.wowtv.com). We have been moving ahead with the market with latest technologies, and customers can now watch contents through various smart phones and smart tv apps.

## 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 and adaptive bit rate 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.

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. Content revenue from Yahoo was received on a monthly basis in fiscal year ended December 31, 2015. 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](http://www.wowtv.com), the Singapore service on [sg.wowtv.com](http://sg.wowtv.com). and the China service on [cn.wowtv.com](http://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 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 thrive on online advertising to drive traffic to our broadband websites. To generate traffic to 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. The Company has entered into the social media marketing and advertising over Facebook, YouTube and Twitter.

(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. Aside from email marketing, the Company has engaged customers' interest over social media sites through Facebook, YouTube, Twitter, Tumblr and other related social media sites.

## **BUSINESS SEGMENTS**

Our principal operations are carried out through the following segments of our business:

1. Entertainment Services - Video on-Demand services for entertainment, providing the Company with advertising.
2. Content Sales – Video on-Demand entertainment contents sales for source of revenue.
3. Entertainment Services – Live TV services for various channels are provided with advertising revenue.
4. Digit Games which is inactive at present - see Business Description - Background

## **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.

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](http://www.amaruinc.com), [www.wowtv.com](http://www.wowtv.com), [sg.wowtv.com](http://sg.wowtv.com) and [cn.wowtv.com](http://cn.wowtv.com).

**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](http://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 segments on its website, where consumers will get a chance to sample its products and services in different tiers - free and subscription in the future.

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-mails. 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. Aside from email marketing, the Company has engaged customers' interest over social media sites through Facebook, YouTube, Twitter, Tumblr and other related social media sites.



## **DIGIT GAMES**

The Company has an 18-year license to conduct nationwide 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.

In fiscal year 2015, the Company's target markets are all Telcos, TV Stations and Broadcasters, ISPs, Smart TV, Smart Phone and Tablet manufacturers and include the following developments:

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.

The Company's specific country focus:

A. China

The Company has signed an agreement with Hisense International Co., Ltd., a leading Chinese company that manufactures and sells consumer electronics, and home appliances. WOWtv contents shall be available on all Hisense's Smart TVs Globally.

B. 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 this year and seeking similar cooperation from other companies.

The Company is also exploring the business opportunities in the Indian market for PaaS (Platform as a Service) and SaaS (Software as a Service) model of the solution to potential Indian consumers.

C. Taiwan

The Company has signed an agreement with Zeasn Information Technology Co., Ltd. a leading Taiwanese company that manufactures and sells consumer electronics, home appliance and platform solutions. WOWtv contents shall be available on all ZEASN's Service Delivery Platform.

D. Cambodia

The Company is also exploring the business opportunities in the Cambodian market for PaaS (Platform As a Service) and SaaS (Software as a Service) model of the solution to potential telecom operators for their OTT platforms.

E. Singapore

1. The Company has signed a yearly renewable contract with Yahoo for providing content on daily basis.
2. The Company has signed an agreement with Himalayan Global Technowave Pte Ltd ("Himalayan "), a local company to provide "**Nepalese Channel**" on WOWtv's OTT platform in Singapore.
3. The Company has signed an agreement with Google for providing WOWtv channel under YouTube for advertisement based revenue.
4. The Company has signed an agreement with STAND INC., a leading content provider company. Pursuant to the terms of the Agreement, STAND INC shall provide M2B's content **Yahoo Japan's video streaming site GyaO!**.
5. The Company has signed an agreement with The Dive Channel, a leading regional production company that focus on diving-related content. The Dive Channel shall advertise on M2B's online platforms for a period of 3years.
6. The Company has signed an agreement with Edgecast now Verizon a US based company to provide CDN services for its ongoing smart TV and other smart devices under WOWtv platforms.
7. The Company has also signed an agreement with LG Electronics for providing WOWtv Smart TV Apps to their Smart TVs globally.
8. 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.
9. The Company has signed an agreement with STAND INC., a leading content provider company. Pursuant to the terms of the Agreement, STAND INC shall provide M2B's content to Yahoo Japan's video streaming site GyaO!.
10. The Company has signed an agreement with Shortman Films, a leading Malay content provider from Singapore for global rights on all platforms. Pursuant to the terms of the Agreement, Company shall provide these contents to its Malay viewers globally under Expat Channel.
11. 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.

Other Media Co-operation for our Online Platform

The Company has kept its contents updated and at minimal cost, by securing choice Contents AutoMoto TV(Europe), Monarch Films (USA), Splash News & Picture (UK), Shortman Films (Asia), Arjuna TV and Everymedia (Asia). During the fiscal year 2015, the Company has also explored content collaboration with other specific genres from different countries.

Other business developments:



- Smart TV / Connected TV

The Company intends to introduce WOWtv Expats Channel, Lifestyle, Entertainment, and education content onto Connected TV for various OEM (Original Equipment Manufacturer) vendor's including but not limited to Chinese OEM (Original Equipment Manufacturer) vendors.

- Apple TV Channel

The Company launched its entertainment channel under Apple TV platform.

- Android TV

The Company is working on the Android TV / Google platform.

- 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

In the final stage of partnering with a Teleport facility in Japan which will provide uplink to 5 major Satellite and downlink services to 20 major Satellite. 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

(source:

<http://www.themalaymailonline.com/tech-gadgets/article/broadband-penetration-of-malaysian-households-stands-at-67.3pc-in->  
and <http://www.itu.int/en/Pages/default.aspx>).

### **· 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 otherhand 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.

## 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 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 multimedia 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 10 full time employees based in Singapore as of December 31, 2015.

## 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. 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 into 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 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 to cut back substantially all advertising and promotional expenditures towards the 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 SHARE 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 \$955,249 and \$1,389,095 before taxes for the years ended December 31, 2015 and 2014, 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 \$955,249 for the year ended December 31, 2015 compared to a consolidated net loss before taxes of \$1,389,095 during 2014. We realized a negative cash flow operating activities of \$754,468 during 2015 compared to \$1,029,936 in 2014. At December 31, 2015, we had an accumulated deficit of \$44,844,789 and a working capital deficiency of \$3,648,429 compared to an accumulated deficit of \$43,986,761 and a working capital deficiency of \$3,465,271 at December 31, 2014. At December 31, 2015, we had a stockholders' deficit of \$3,631,637 compared to a stockholders' equity of \$3,436,666 at December 31, 2014. 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, 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 are located in Singapore in an office space of about 1,764 square feet. The Company leases the Singapore office under an operating lease at a monthly rental of approximately \$8,900. The lease was amended on December 1, 2015 at a monthly rental of approximately \$5,000 which expired on November 30, 2016. The headquarters is currently located at 35 Tai Seng Street, Tata Communications Exchange, #01-01.

There is an option to renew for an additional 1 year with written request made not more than six (6 months) and not less than three (3 months) before the lease expiration.

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**

None

## **ITEM 4: MINE SAFETY DISCLOSURES**

Not applicable

**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 OTC Markets Pink Sheets ("OTCPink") under the symbol "AMRU". As of December 31, 2016, there were 436 holders of our common stock. The price of the Company's stock as of June 15, 2016 was \$0.01.

The Company's high and low closing bid and close information for the fiscal years ended December 31, 2015 and 2014 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, 2015				
First Quarter	\$0.0299	\$0.0299	\$0.0299	\$ 0.0299
Second Quarter	\$0.02	\$0.02	\$0.02	\$ 0.02
Third Quarter	\$0.02	\$0.02	\$0.02	\$ 0.02
Fourth Quarter	\$0.02	\$0.02	\$0.02	\$ 0.02
Year Ended December 31, 2014				
First Quarter	\$0.011	\$0.011	\$0.011	\$ 0.011
Second Quarter	\$0.015	\$0.015	\$0.015	\$ 0.015
Third Quarter	\$0.015	\$0.015	\$0.015	\$ 0.015
Fourth Quarter	\$0.008	\$0.008	\$0.008	\$ 0.008

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\* 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.

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.

The total amount of funds raised through the private placement of shares of Series B Convertible Preferred Stock ("Preferred Stock") to "accredited investors", as that term is defined in Regulation D of the Securities Act of 1933, at a purchase price of \$0.10 per share, for the year ended December 31, 2014 was \$1,068,000. Each share of Series B Convertible Preferred Stock is convertible into ten (10) shares of common stock. The proceeds of the private placement were used for working capital.

As of December 21, 2015, the Company issued a total of 907,408 shares of Series C 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 \$90,740.74 to "accredited investors", as that term is defined in Regulation D of the Securities Act of 1933. Each share of Series C Convertible Preferred Stock is convertible into twenty (20) shares of common stock.

The proceeds of the private placement were used for working capital.

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.

## EQUITY COMPENSATION PLAN

The Company's 2004 Equity Compensation Plan had 2,921,260 million shares remaining as of December 31, 2012. On April 1, 2014, the Company issued 2,921,260 million shares under the Company's 2004 Equity Compensation Plan to its employees. There are no outstanding securities under the 2004 Equity Compensation Plan.

In December, 2013 and April, 2014, the Company's Board of Directors unanimously approved the Company's 2013 Equity Compensation Plan ("2013 Plan") which provided for the grant to directors, officers, employees and consultants of the Company (including its subsidiaries) of stock based awards and options to purchase up to an aggregate of 30,000,000 shares of Common Stock. The Company has issued all of the 30,000,000 shares of Common Stock to its officers and directors (as set forth below) as of November, 2015. There are no outstanding securities under the 2013 Plan.

### 2013 Equity Compensation Plan

Name and position	Dollar value (\$)	Number of shares*
Chua Leong Hin, CEO and Director	\$100,000	10,000,000
Sakae Torisawa, Chairman of the Board	\$100,000	10,000,000
Percy Chua Soo Lian, Director	\$100,000	10,000,000

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\* based on the closing purchase price of \$0.01 per share as of November 1, 2015

The 2013 Plan has been approved by the Company's shareholders on August 22, 2014. The 2013 Plan has been subsequently registered on the registration statement on Form S-8, and the Company has filed a re-offering prospectus for the shares to be issued to the above officers and directors in October, 2015, and subsequently issued such shares as described above.

**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,	
	2015	2014
<b>Statement of Operations Data:</b>		
Revenues (1)	\$84,540	\$29,629
Cost of Services	102,275	153,260
Gross Profit (Loss)	(17,735 )	(123,631 )
Operating income (loss)	(939,031 )	(1,475,939 )
Net Income (loss)	(955,249 )	(1,389,095 )
Basic and diluted income (loss) per share	(0.00 )	(0.01 )
Shares used in computing basic and diluted income/loss per common share	232,092,061	210,735,640
<b>BALANCE SHEET DATA:</b>		
Working Capital (Deficit)	(3,648,429 )	(3,465,271 )
Total Assets	137,942	127,975
Long-term obligations	—	—
Stockholders' (Deficit) Equity	(3,631,637 )	(3,436,666 )

**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 removal 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 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 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 would provide 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 handled and oversaw the Company's business in the U.S in the past. The Company currently does not maintain an office space in the U.S.

## **M2B WORLD ASIA PACIFIC PTE. LTD.**

M2B World Asia Pacific Pte Ltd was incorporated in the Republic of Singapore on August 1, 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. This loan is currently in default. 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 oversees 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 operations 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 operations 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. The resort was completed and is in operation.



## **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, 2015, this subsidiary is dormant.

## **AMARU HOLDINGS LIMITED AND M2B WORLD HOLDINGS LIMITED**

Amaru Holdings Limited and M2B World Holdings Limited are 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 are 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 5,333,333 of common stock of the Company.

## **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 a 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.

## **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 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, 2015 that are applicable to the Company.

## **RESULTS OF OPERATIONS**

For the fiscal year ended December 31, 2015 compared with the fiscal year ended December 31, 2014.

## **REVENUE**

### **Financial Statement**

- Revenue for the year ended December 31, 2015 was \$84,540 compared with \$29,629 in 2014.
- Loss from operations was \$939,031 in 2015 compared with loss of \$1,475,939 in 2014.
- Net loss was \$955,249 in 2015 compared with loss of \$1,389,095 in 2014.
- The Company's cash balance was \$29,074 at December 31, 2015 compared with \$24,413 at December 31, 2014.

### **Revenue**

Revenue entertainment for the year ended December 31, 2015 at \$84,540 was higher than revenue entertainment of \$29,629 for year ended December 31, 2014 by \$54,911 (185%). It was mainly due to increase in advertising from new customers during year 2015.

### **Cost of Services**

Cost of services for the years ended December 31, 2015 was \$102,275 which decreased by \$50,985 (33%) from \$153,260 for the year ended December 31, 2014. It was mainly due to decrease in cost spending on other related production costs during year ended December 31, 2015.

### **DISTRIBUTION EXPENSES**

Distribution expenses for the year ended December 31, 2015 at \$29,736 were lower by \$60,472 (67%) as compared to the amount of \$90,208 incurred for the year ended December 31, 2014.

The significant lower distribution expenses were attributed to decrease spending on advertisement and marketing expenses during year ended December 31, 2015.

### **BAD DEBTS WRITTEN OFF**

The bad debts written off in 2014 were primarily attributed to the write off of the long outstanding balance of \$100,000 from previous accounts other debtors. There were no bad debts written off during the year ended December 31, 2015.

### **GENERAL AND ADMINISTRATIVE EXPENSES**

Administration expenses for the year ended December 31, 2015 at \$891,560 were lower by \$270,540 (23%) as compared to the amount of \$1,162,100 incurred for the year ended December 31, 2014.

The decrease in administrative expenses for the year ended December 31, 2015 was attributed mainly to the increase in staff costs, legal and professional costs during year 2015.



## **(LOSS) INCOME FROM OPERATIONS**

The company incurred a loss from operations of \$939,031 for the year ended December 31, 2015 as compared to the loss from operations of \$1,475,939 for the year ended December 31, 2014. The decrease was mainly due to less spending in distribution costs, general and administrative expenses during year 2015.

## **NET LOSS**

Net loss for the year ended December 31, 2015, was \$955,249 which decreased by \$433,846 (31%) from net loss of \$1,389,095 for the year ended December 31, 2014. The significantly decrease was due to increase in revenue and less spending in distribution costs, general and administrative expenses during year 2015.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company had cash in the amount of \$29,074 at December 31, 2015 as compared to cash of \$24,413 at December 31, 2014.

During the year ended December 31, 2015, 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 \$760,278 through equity financings in fiscal year 2015. It was used to cover the Company's operations and to reduce the Company's accounts payable and accrued expenses for fiscal year 2015.

There was net cash used in operating activities of \$754,468 and \$1,029,936, for each of the two years in 2015 and 2014, respectively. The decrease of \$275,468 for net cash used in operating activities in 2015 as compared to 2014 was mainly due to decrease in operating expenses during year 2015.

There was net cash used in investing activities of \$1,149 in fiscal year 2014 and \$36,202 generated from investing activities in fiscal year 2014. The decrease of \$35,053 for net cash used in investing activities was mainly due to reduce in acquisition of equipment.

There was net cash generated from financing activities of \$760,278 in fiscal year 2015 and \$1,057,213 used in financing activities in fiscal year 2014. The decrease of \$296,935 for net cash provided by financing activities in 2015 as compared to 2014 was mainly due lesser stock subscribers invested in 2015.

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 should be able to generate sufficient cash to cover its operations by year 2016. 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.

The Company has relinquished its old trade obligations and reduced the overall fixed overhead cost. On the operational side, where possible, IT work has been out-sourced to other countries with lower labor cost. The Company's goal is to keep contents current at 'zero-cost' acquisition, with revenue share model where possible. During the industry downturn, the Company has continued to push its key selling points of legal contents across various countries. This puts the Company's content library in a favorable position in negotiating for new business ventures. The Company believes that being based in Singapore, at the crossroads of communication and commerce, it is ideally placed to develop the media industry. The Company's fully legal contents and various country rights, enables it to take advantage of the Internet and Mobile 3G/4G roll out regionally and globally. The Company has a self-sufficient, complete and compact operation, cross-platforms abilities, and new product developments, and is nimble enough to adapt to the new media to realize revenue for the highly connected mobile marketplace. We expect that the broadband business segment would be able to generate sufficient cash to cover its operations in fiscal year 2016, however, no assurances can be made that such expectations will materialize. 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 April 1, 2015, the Company through its subsidiary, M2B World Asia Pacific Pte. Ltd. ("M2B") signed an agreement with The Dive Channel, a leading regional production company that focus on diving-related content. Pursuant to the terms of the Agreement, The Dive Channel shall advertise on M2B's online platforms for a period of 3 years. The Dive Channel shall pay M2B \$16,978 per quarter for the advertisement.

On May 28, 2015, the Company through its subsidiary, M2B World Asia Pacific Pte. Ltd. ("M2B") signed an agreement with Himalayan Global Technowave Pte Ltd ("Himalayan "), a leading media company. Pursuant to the terms of the Agreement, WOWtv contents shall be available on a "Nepalese Channel" on WOWtv's OTT platform in Singapore only. Himalayan shall pay M2B 12% gross revenue for the Nepalese Channel.

On February 3, 2016, the Company through its subsidiary, M2B World Asia Pacific Pte. Ltd. ("M2B") signed an agreement with Zeasn Information Technology Co., Ltd ("ZEASN "), a leading Taiwanese company that manufactures and sells consumer electronics, home appliance and platform solutions. Pursuant to the terms of the Agreement, WOWtv contents shall be available on all ZEASN's Service Delivery Platform. M2B shall pay to ZEASN 10% of subscription revenue and 20% advertisement revenue generated from the ZEASN's platforms.

On February 29, 2016, the Company through its subsidiary, M2B World Asia Pacific Pte. Ltd. ("M2B") signed an agreement with Hisense International Co., Ltd ("Hisense "), a leading Chinese company that manufactures and sells consumer electronics, and home appliances. Pursuant to the terms of the Agreement, WOWtv contents shall be available on all Hisense's Smart TV. M2B shall pay to Hisense a bounty fee of 20% of the subscription invoiced to users who subscribed to WOWtv services using Hisense Smart TVs.

## **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 in marketable securities as of December 31, 2015 and 2014 respectively.



The Company does not believe that it faces material market risk with respect to its cash and cash equivalents which totaled \$29,074 and \$24,413 at December 31, 2015 and 2014, 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 FLU PANDEMIC OR SIMILAR PUBLIC HEALTH DEVELOPMENTS**

Any future outbreak of the 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.

### **INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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

None

### **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-15(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. The Company's Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended) as of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements because of the identification of the material weakness in our internal control over financial reporting of the film library from the misinterpretation of accounting literature in accordance with United States Generally Accepted Accounting Principles ("GAAP"). Thus, the Company recognizes that it has a material weakness in financial reporting due to a lack of staff with adequate knowledge of US GAAP. The Company will take appropriate remedial measures as discussed below under Management's Remedial Initiatives.

#### **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Company's management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with United States of America generally accepted accounting principles. A Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company and (iii) provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on our consolidated financial statements. In connection with the preparation of this Annual Report on Form 10K, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of internal control over financial reporting based on criteria established in the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), as supplemented by the COSO publication Internal Control over Financial Reporting - Guidance for Smaller Public Companies. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our internal control over financial reporting was not effective as of December 31, 2015, based on these criteria. Management believes that this material weakness has no affect on our ability to present GAAP-compliant financial statements. Management does not believe that the weakness with respect to its procedures and controls had a pervasive effect upon the financial reporting and overall control environment due to our ability to make the necessary adjustments to our financial statements. Management is also aware that there is a lack of segregation of duties at the Company due to the fact that there are only four people dealing with financial and accounting matters. However, at this time, management has decided that considering the experience and abilities of the employees involved and the low quantity of transactions processed, the risks associated with such lack of segregation are low and the potential benefits of adding employees to clearly segregate duties do not justify the substantial expenses associated with such increases. Management will periodically reevaluate this situation.

This annual report does not include an attestation report of our registered independent auditors regarding internal control over financial reporting. Management's report was not subject to attestation by our registered independent auditors pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

Our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

#### **MANAGEMENT'S REMEDIATION INITIATIVES**

In addition to the re-evaluation discussed above, management has, subsequent to December 31, 2015, implemented the following procedures to address the material weakness noted above, including the following:

- Enhanced the access to accounting literature, research materials and documents.
- Identified third party professionals with whom to consult regarding complex accounting applications
- Looking to additional staff to supplement our current accounting professionals with the requisite experience and
- training.

The elements of our remediation plan can only be accomplished over time and we can offer no assurance that these initiatives will ultimately have the intended effects.

#### **CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

There have been no changes in the Company's internal control over financial reporting during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

#### **ITEM 9B: OTHER INFORMATION**



From February 04, 2016 to May 30, 2016, the Company issued a total of 2,316,447 shares of Series C 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 \$231,644.70 to "accredited investors", as that term is defined in Regulation D of the Securities Act of 1933. Each share of Series C Convertible Preferred Stock is convertible into twenty (20) shares of common stock.

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.

### 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 May 30, 2016 were as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Sakae Torisawa	70	Chairman of the Board of Directors
Chua Leong Hin	57	Chief Executive Officer, President, Interim Acting Chief Financial Officer and Director
Percy Chua Soo Lian	56	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 position.

#### **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.

## **LIMITATION ON DIRECTORS' LIABILITIES**

Our certificate of incorporation limits, to the maximum extent permitted under Nevada law, the personal liability of directors and officers for monetary damages for breach of their fiduciary duties as directors and officers, except in circumstances involving wrongful acts, such as a breach of the director's duty of loyalty or acts of omission which involve intentional misconduct or a knowing violation of law.

Nevada Law permits us to indemnify officers, directors or employees against expenses, including attorney's fees, judgments, fines and amounts paid in settlement in connection with legal proceedings if the officer, director or employee acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interest, and, with respect to any criminal act or proceeding, he had no reasonable cause to believe his conduct was unlawful. Indemnification is not permitted as to any matter as to which the person is adjudged to be liable unless, and only to the extent that, the court in which such action or suit was brought upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper. Individuals who successfully defend this type of action are entitled to indemnification against expenses reasonably incurred in connection therewith. Our by-laws require us to indemnify directors and officers against, to the fullest extent permitted by law, liabilities which they may incur under the circumstances described in the preceding paragraph.

## **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.

The term "Financial Expert" is defined as a person who has the following attributes: an understanding of generally accepted accounting principles and financial statements; has the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the company's financial statements, or experience actively supervising one or more persons engaged in such activities; an understanding of internal controls and procedures for financial reporting; and an understanding of audit committee functions.

## 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.

### · Nominating and Governance Committee

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](http://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, 2015 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 2015, 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") at any time during such years 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	2015	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—

(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, 2015, December 31, 2014 and December 31, 2013.

**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 2015.

Option Awards Stock Awards

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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, 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

### Equity Compensation Plan Information

The following table furnishes information with respect to the Company's equity compensation plan (1) as of December 31, 2015:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans	
Equity compensation plans approved by security holders	—	\$ —	0	(1)
Equity compensation plans not approved by security holders	—	\$ —	—	
Total	—	\$ —	0	(1)

In December, 2013 and April, 2014, the Company's Board of Directors unanimously approved the Company's 2013 Equity Compensation Plan ("2013 Plan") which provides for the grant to directors, officers, employees and consultants of the Company (including its subsidiaries) of stock based awards and options to purchase up to an aggregate of 30,000,000 shares of Common Stock. The Company has not granted any options under the 2013 Plan, however, its Board of Directors approved a total of 30,000,000 of shares of Common Stock to its officers and directors. The Company has issued all of the 30,000,000 shares of Common Stock to its officers and directors (as set forth below) as of November, 2015. There are no outstanding securities under the 2013 Plan.

Name and position	Dollar value (\$)	Number of shares*
Chua Leong Hin, CEO and Director	\$100,000	10,000,000
Sakae Torisawa, Chairman of the Board	\$100,000	10,000,000
Percy Chua Soo Lian, Director	\$100,000	10,000,000

\* Based on the closing price per share of \$0.01 as of November 1, 2015.

The 2013 Plan has been approved by the Company's shareholders on August 22, 2014. The 2013 Plan has been subsequently registered on the registration statement on Form S-8, and the Company has filed a re-offering prospectus for the shares to be issued to the above officers and directors in October, 2015, and subsequently issued such shares as described above.

Additional information regarding equity compensation can be found in the notes to the consolidated financial statements.

Our Board of Directors administers the Company's equity compensation plans. 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.

#### **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 2011 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 2015 fiscal year with respect to each non-employee and non-executive director as of December 31, 2015.

### 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	10,000	(4)–	–	–	–	–
Chua Leong Hin	Director	10,000	(4)–	–	–	–	–
Percy Chua Soo Lian	Director	10,000	(4)–	–	–	26,287.00	–

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, 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.

- (4) The Board of Directors approved the issuance of shares of common stock for services rendered under the Company's 2013 Equity Compensation Plan ("2013 Plan").

The 2013 Plan has been approved by the Company's shareholders on August 22, 2014. The 2013 Plan has been subsequently registered on the registration statement on Form S-8 and the Company has filed a re-offering prospectus for the shares issued to the above officers and directors in October, 2015. The shares were issued in November, 2015.

### **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 December 31, 2015, the Company had 236,788,132 shares of Common Stock, 24,887,478 shares of Series B Convertible Preferred Stock (the "Series B Preferred Stock") and 907,408 shares of Series C Convertible Preferred Stock (the "Series C Preferred Stock") issued and outstanding. Each share of the Company's Series B Preferred Stock can be converted into ten (10) shares of Common Stock and each share of Series C Preferred Stock can be converted into twenty (20) shares of Common Stock.

The following tables set forth, as of such date, provide information with respect to the shares of Common Stock and Preferred Stock beneficially owned 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

Beneficial ownership has been determined in accordance with Rule 13d-3 of the Exchange Act. Under this rule, shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire shares (for example, upon exercise of an option) within 60 days of the date of this table. In computing the percentage ownership of any person, the amount of shares includes the amount of shares beneficially owned by the person by reason of these acquisition rights. As a result, the percentage of outstanding shares of any

person does not necessarily reflect the person's actual voting power.

To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them. Unless otherwise indicated, the business address of the individuals listed below is 35 Tai Seng Street, #01-01 Tata Communications Exchange, Singapore 534103.

## COMMON STOCK

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	13,111,888 (1) & (2) (Indirect)	5.54%
Sakae Torisawa, Chairman 62 Cecil Street #06-00 TPI Building Singapore 049710	11,712,808 (3) (Direct)	4.95%
Chua Leong Hin, CEO, CFO and Director 62 Cecil Street #06-00 TPI Building Singapore 049710	10,000,000 (Direct) (3)(4)	4.22%
Percy Chua Soo Lian, Director 62 Cecil Street #06-00 TPI Building Singapore 049710	10,000,000 (3) (Direct)	4.22%
All Directors and Officers As a Group (3 persons)	31,712,808 (3)	0.84%

\*Based on 236,788,132 shares of Common Stock outstanding on December 31, 2015.

Except as otherwise indicated, the Company believes that the beneficial owners of Common Stock listed below, 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 (1) 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 13,111,888 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).

Mr. Chua Leong Hin is a shareholder of M2B World Asia Pacific Pte. Ltd, a subsidiary of the Company. He holds (3) 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.

## PREFERRED STOCK - SERIES B CONVERTIBLE PREFERRED STOCK

Each share of Series B Convertible Preferred Stock is convertible to ten (10) shares of Common Stock and entitles the holder to ten (10) votes. The disclosure in the table below under Percent of Class of Preferred Stock is based on 25,749,886 shares of Preferred Stock outstanding on December 31, 2015 and shows the percent of class of Preferred Stock only. If all the outstanding shares of Preferred Stock were converted to the Company's Common Stock as of the date hereof, none of the Preferred Stock shareholders listed below would hold more than 5% shares of Common Stock . . Unless otherwise indicated, the business address of the individuals listed below is 35 Tai Seng Street, #01-01 Tata Communications Exchange, Singapore 534103.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership of Preferred Stock	Percent of Class of Preferred Stock*
Sakae Torisawa, Chairman	0	0%
Chua Leong Hin, CEO, CFO and Director	0	0%
Percy Chua Soo Lian, Director	0	0%
Lim Ah Choo	1,600,000	6.43%
Lim Wei Jie	1,620,000	6.51%
Lee Hor Loong	1,800,000	7.23%

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Lim Ah Mee	1,500,000	6.03%
Wang Zhen Ming	1,500,000	6.03%
Lee Chi Meng Raymond	1,280,000	5.14%
Lee Ho Soon	1,500,000	6.03%
Tnee Han Xin	1,371,155	5.51%
Michael Lim Sheet Yuen	2,600,000	10.45%
All Directors and Officers As a Group (3 persons)	0	0%

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\* Based on 24,887, 478 shares of Series B Convertible Preferred Stock outstanding on December 31, 2015.

Except as otherwise indicated, the Company believes that the beneficial owners of Preferred 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 (1) with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of Preferred 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.

Each share of Series C Convertible Preferred Stock is convertible to twenty (20) shares of Common Stock and entitles the holder to twenty (20) votes. The disclosure in the table below under Percent of Class of Preferred Stock is based on 907,408 shares of Series C Preferred Stock outstanding as of December 31, 2015 and shows the percent of class of Preferred Stock only. If all the outstanding shares of Preferred Stock were converted to the Company's Common Stock as of the date hereof, none of the Preferred Stock shareholders listed below would hold more than 5% shares of Common Stock. Unless otherwise indicated, the business address of the individuals listed below is 35 Tai Seng Street, #01-01 Tata Communications Exchange, Singapore 534103.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership of Preferred Stock	Percent of Class of Preferred Stock*
Sakae Torisawa, Chairman	0	0%
Chua Leong Hin, CEO, CFO and Director	0	0%
Percy Chua Soo Lian, Director	0	0%
Wong Man Cheng	500,000	55%
Wang Zhen Ming	407,408	45%
All Directors and Officers As a Group (3 persons)	0	0%

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\* Based on 907,408 shares of Series C Convertible Preferred Stock outstanding on December 31, 2015.

Except as otherwise indicated, the Company believes that the beneficial owners of Preferred 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 (1) with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of Preferred 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.

### Non-Cumulative Voting

The holders of our shares of common stock do not have cumulative voting rights, which means that the holders of more than 50% of such outstanding shares, voting for the election of Directors, can elect all of the Directors to be elected, if they so choose. In such event, the holders of the remaining shares will not be able to elect any of our Directors.

**Transfer Agent**

The transfer agent for the Company's common stock and its preferred stock is Interwest Transfer Company, Inc., 1981 Murray Holladay Road, Suite 100, Salt Lake City, Utah 84117. Their telephone number is (801) 272-9294 and their website is [www.interwesttc.com](http://www.interwesttc.com).

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

See Note 2.15 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, 2015 and December 31, 2014.

	2015	2014
Audit fees (1)	\$73,000	\$82,356
	—	—
Total	\$73,000	\$82,356

(1) Audit Fees: These are fees paid and payable for professional services performed for the financial year ended December 31, 2015 and 2014 by Wei Wei & Co LLP and HM Ghouth Company.

## FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES

For the fiscal years ended December 31, 2015 and 2014, 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, 2015 and 2014, 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	Amendments 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.**
10.2	2004 Equity Compensation Plan ***
10.3	2013 Equity Compensation Plan. ****
14.1	Code of Ethics of the Company*
14.2	Code of Ethics of Senior Officers of the Company*
21.1	Company's Subsidiaries
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 and Schedule 14A.

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



## 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: September 26, 2016 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: September 26, 2016
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/s/ Sakae Torisawa Sakae Torisawa	Director and Chairman of the Board of Directors	Date: September 26, 2016
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/s/ Percy Chua Soo Lian Percy Chua Soo Lian	Director	Date: September 26, 2016
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**Amaru, Inc. and subsidiaries**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ended DECEMBER 31, 2015 and 2014**

**TABLE OF CONTENTS TO CONSOLIDATED FINANCIAL STATEMENTS PAGE**

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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, 2015 and 2014 and the related consolidated statements of operations, stockholders' deficit and cash flows for each of the years in the two year period ended December 31, 2015. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit 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 audit 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the two year period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements as of and for the years ended December 31, 2015 and 2014 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 generated losses from operation of \$(955,249) and \$(1,389,095) for the years ended December 31, 2015 and 2014, respectively. These continued losses have created an accumulated deficit of approximately \$44,844,000 at December 31, 2015. These continuing factors have made it difficult in, raising

additional financing. These conditions and the Company's 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.

*/s/ Wei, Wei & Co., LLP*

Wei, Wei & Co., LLP

Flushing, New York

September 23, 2016

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**Amaru, Inc. and subsidiaries****CONSOLIDATED BALANCE SHEETS (IN U.S. \$)  
DECEMBER 31, 2015 and 2014**

<b>ASSETS</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Current assets</b>		
Cash	<b>\$ 29,074</b>	\$ 24,413
Accounts receivable, net of allowance of \$278,995 and \$244,863 at December 31, 2015 and 2014 respectively	<b>40,371</b>	3,682
Other current assets, net of allowance of \$100,000 at December 31, 2015 and 2014	<b>51,705</b>	71,275
Total current assets	<b>121,150</b>	99,370
<b>Property, plant and equipment, net</b>	<b>16,792</b>	28,605
<b>TOTAL ASSETS</b>	<b>\$ 137,942</b>	\$ 127,975

See report of independent registered public accounting firm and notes to the consolidated financial statements.

**Amaru, Inc. and subsidiaries****CONSOLIDATED BALANCE SHEETS (in U.S. \$)  
DECEMBER 31, 2015 and 2014**

<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	<b>\$1,969,426</b>	\$1,764,488
Advances from related parties	<b>300,403</b>	300,403
Convertible term loan – in default	<b>1,499,750</b>	1,499,750
Total current liabilities	<b>3,769,579</b>	3,564,641
Total liabilities	<b>3,769,579</b>	3,564,641
<b>Stockholders' (deficit):</b>		
Preferred stock (par value \$0.001) 50,000,000 shares authorized; 25,794,886 and 20,167,478 shares issued and outstanding at December 31, 2015 and 2014, respectively	<b>25,794</b>	20,167
Common stock (par value \$0.001) 400,000,000 shares authorized; 236,788,132 and 202,911,303 shares issued and outstanding at December 31, 2015 and 2014, respectively	<b>236,788</b>	202,911
Additional paid-in capital	<b>44,889,822</b>	44,169,048
Accumulated (deficit)	<b>(44,844,789)</b>	(43,986,761)
Total Amaru Inc.'s stockholders' equity	<b>307,615</b>	405,365
Non-controlling interests	<b>(3,939,252 )</b>	(3,842,031 )
Total stockholders' (deficit)	<b>(3,631,637 )</b>	(3,436,666 )
<b>TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>	<b>\$137,942</b>	\$127,975

See report of independent registered public accounting firm and notes to the consolidated financial statements.

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**amaru, Inc. and subsidiaries**

**CONSOLIDATED STATEMENTS OF OPERATIONS INCOME (LOSS) (IN U.S. \$)**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

	<b>2015</b>	2014
<b>Revenues</b>	<b>\$ 84,540</b>	\$ 29,629
<b>Cost of services</b>	<b>(102,275)</b>	(153,260 )
<b>Gross (loss)</b>	<b>(17,735 )</b>	(123,631 )
<b>Operating expenses</b>		
Distribution costs	<b>29,736</b>	90,208
Bad debts written off	—	100,000
Administrative expenses	<b>891,560</b>	1,162,100
Total expenses	<b>921,296</b>	1,352,308
<b>Loss from operations</b>	<b>(939,031)</b>	(1,475,939)
<b>Other income (expense)</b>		
Interest (expenses)	<b>(102,922)</b>	(97,913 )
Equipment written off	—	(960 )
Other income	<b>86,704</b>	185,717
<b>Net (loss) before non-controlling interests</b>	<b>(955,249)</b>	(1,389,095)
<b>Less: non-controlling interests</b>	<b>(97,221 )</b>	(162,198 )
<b>Net (loss) attributable to common stockholders</b>	<b>\$ (858,028)</b>	\$ (1,226,897)

See report of independent registered public accounting firm and notes to the consolidated financial statements.



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**amaru, Inc. and subsidiaries**

**CONSOLIDATED STATEMENTS OF OPERATIONS INCOME (LOSS) (IN U.S. \$)**

**FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>(Loss) per share, basic and diluted attributable to common stockholders</b>	<b>(0.00 )</b>	<b>(0.01 )</b>
<b>Weighted average shares outstanding , basic and diluted</b>	<b>232,092,061</b>	<b>210,735,640</b>

See report of independent registered public accounting firm and notes to the consolidated financial statements.

## Amaru, Inc. and subsidiaries

**CONSOLIDATED STATEMENTS OF Stockholders' DEFICIT (IN U.S. \$)****FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	Preferred stock		Common stock		Additional	Accumulated
	Number of	Par	Number of	Par	paid-in	deficit
	shares	value	shares	value	capital	
		(\$0.001)		(\$0.001)		
<b>Balance at December 31, 2013</b>	9,247,478	9,247	199,990,043	199,990	43,125,676	(42,759,864 )
Preferred Stock issued	10,920,000	10,920	—	—	1,017,080	—
Common Stock issued for services	—	—	2,921,260	2,921	26,292	—
Net (loss)	—	—	—	—	—	(1,226,897 )
<b>Balance at December 31, 2014</b>	20,167,478	20,167	202,911,303	202,911	44,169,048	(43,986,761 )
Preferred Stock issued	5,627,408	5,627	—	—	617,114	—
Common stock issued	—	—	3,876,829	3,877	103,660	—
Common Stock issued for services	—	—	30,000,000	30,000	—	—
Net (loss)	—	—	—	—	—	(858,028 )
<b>Balance at December 31, 2015</b>	<b>25,794,886</b>	<b>\$ 25,794</b>	<b>236,788,132</b>	<b>\$ 236,788</b>	<b>\$ 44,889,822</b>	<b>\$ (44,844,789 )</b>

See report of independent registered public accounting firm and notes to the consolidated financial statements.

**Amaru, Inc. and subsidiaries****CONSOLIDATED STATEMENTS OF Stockholders' (DEFICIT) (IN U.S. \$)****FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>Non-controlling interest</b>	<b>Total shareholders' (deficit)</b>
Balance at December 31, 2013	\$ (3,679,833 )	(3,104,784 )
Preferred Stock issued	—	1,028,000
Common Stock issued for service	—	29,213
Net (loss)	(162,198 )	(1,389,095 )
Balance at December 31, 2014	(3,842,031 )	(3,436,666 )
Preferred Stock issued	—	622,741
Common Stock issued	—	107,537
Common Stock issued for service	—	30,000
Net loss	(97,221 )	(955,249 )
<b>Balance at December 31, 2015</b>	<b>\$ (3,939,252 )</b>	<b>\$ (3,631,637 )</b>

See report of independent registered public accounting firm and notes to the consolidated financial statements.

**Amaru, Inc. and subsidiaries****CONSOLIDATED STATEMENTS OF CASH FLOWS (IN U.S. \$)****FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>		
Net (loss)	<b>\$(955,249)</b>	<b>\$(1,389,095)</b>
Adjustment to reconcile net (loss) to net cash provided by (used in) operating activities:		
Depreciation	<b>12,962</b>	9,575
Equipment written off	—	960
Change in operating assets and liabilities		
(Increase) decrease in accounts receivable	<b>(36,689 )</b>	15,099
Decrease in other current assets	<b>19,570</b>	112,391
Increase in accounts payable and accrued expenses	<b>204,938</b>	221,134
Net cash (used in) operating activities	<b>(754,468)</b>	<b>(1,029,936)</b>
<b>Cash flows from investing activities</b>		
Acquisition of equipment	<b>(1,149 )</b>	<b>(36,202 )</b>
Net cash (used in) investing activities	<b>(1,149 )</b>	<b>(36,202 )</b>
<b>Cash flows from financing activities</b>		
Issuance of common stock for services	<b>30,000</b>	29,213
Issuance of common stock for cash	<b>107,537</b>	—
Issuance of preferred stock for cash	<b>622,741</b>	1,028,000
Net cash provided by financing activities	<b>760,278</b>	<b>1,057,213</b>

See report of independent registered public accounting firm and notes to the consolidated financial statements.

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**Amaru, Inc. and subsidiaries**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Net increase (decrease) in cash</b>	<b>4,661</b>	<b>(8,925 )</b>
<b>Cash – beginning</b>	<b>24,413</b>	<b>33,338</b>
<b>Cash – end</b>	<b>\$ 29,074</b>	<b>\$ 24,413</b>

**Supplemental disclosure of cash flow information**

Cash paid for interest	<b>\$ –</b>	<b>\$ –</b>
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See report of independent registered public accounting firm and notes to the consolidated financial statements.

## **AMARU, INC. AND SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **FOR THE YEARS ENDED DECEMBER 31 2015 AND 2014**

## **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 key business focus of the Company is to establish itself as a 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 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; 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.

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**AMARU, INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31 2015 AND 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Presentation as a going concern**

The accompanying condensed 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 generated losses from operations of \$955,249 and \$1,389,095 for the years ended December 31, 2015 and 2014, respectively. These continued losses have created an accumulated deficit of approximately \$44,844,789 as of December 31, 2015. The Company also has a working capital deficit of approximately \$3,648,429 at December 31, 2015. The Company has been having difficulty in raising adequate additional funding.

These factors raise substantial doubt 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 achieving adequate 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 reclassification 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. The Company does not have any cash equivalents.

**AMARU, INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31 2015 AND 2014**

**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.

**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.

### **Film library**

The Company's film library includes movies, dramas, comedies and documentaries in which the Company has acquired distribution rights from a third party.

The valuation of the Company's film library is reviewed on a 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.

The Company completed an impairment evaluation in the fourth quarter 2009 and the film library was determined to be impaired. 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 was fully impaired, as reflected Note 6.

**AMARU, INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31 2015 AND 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Impairment of Long-lived Assets**

The Company applies FASB ASC 360, “Property, Plant and Equipment,” which addresses the financial accounting and reporting for the recognition and measurement of impairment losses for long-lived assets. In accordance with ASC 360, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company may recognize the impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to those assets. No impairment of long-lived assets was recognized for the periods presented.

**Fair value of financial instruments**

FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As of December 31, 2015 and December 31, 2014, none of the Company's assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, accounts receivable and various payables, approximate their fair values due to the short term nature of these financial instruments. There were no changes in methods or assumptions during the periods presented.

**AMARU, INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31 2015 AND 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Advances from related party**

Advances from a director and related party of \$300,403 at December 31, 2015 are unsecured, non-interest bearing and payable on demand.

**Foreign currency translation**

Transactions in foreign currencies are measured and recorded in the functional currency, U.S. dollars, using the Company's prevailing month exchange rate. The Company's reporting currency is also in U.S. dollars. Accordingly, the Company does not have any foreign currency conversion adjustments.

**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 Accounting Standard Codification (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.



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.

Website advertising revenue is recognized on a cost per thousand impressions (CPM) or cost per click (CPC), or a 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.

**AMARU, INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31 2015 AND 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenues (continued)**

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.

**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 when it was incurred.

**Income taxes**

The Company accounts for income taxes in accordance with FASB ASC Section 740, "Income Taxes", which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial

statement and income tax purposes. Deferred tax assets and liabilities represent the future tax consequences for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are also recognized for operating losses that are available to offset future taxable income. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company accounts for uncertain tax positions in accordance with ASC Section 740-10, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance also prescribes direction on de-recognition, classification, interest and payables accounting in financial statements and related disclosures. The Company classifies interest expense and any related penalties related to income tax uncertainties as a component of income tax expense. No interest or penalties have been recognized as of December 31, 2015.

Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company's financial statements as of December 31, 2015. The Company does not expect any significant changes in unrecognized tax benefits within twelve months of the reporting date.

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 before 2011. No income tax returns are currently under examination by any tax authorities.

#### **(Loss) per share**

Basic earnings (loss) per common share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per common share is computed by dividing net earnings by the weighted average number of common shares outstanding, plus common stock equivalents, if dilutive, resulting from convertible preferred stock, stock options and warrants. As of December 31, 2015 and December 31, 2014, there were no common stock equivalents outstanding.

**AMARU, INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31 2015 AND 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Advertising**

The cost of advertising is expensed as incurred. For the years ended December 31, 2015 and 2014, the Company incurred advertising expenses of \$14,537 and \$52,933 respectively.

**3. RECENTLY ISSUED ACCOUNTING STANDARDS**

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2015-17- Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. This ASU addressed the simplification of the presentation of deferred income taxes. The amendments require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments apply to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments. For public business entities, the amendments are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. This accounting standard update is not expected to have a material impact on the Company's financial statements.

In August 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date. The amendment is effective for all entities for fiscal years and interim periods within those fiscal years, beginning after December 15, 2017. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is evaluating the impact of this

standard on its Consolidated Financial Statements.

In March 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2015-03 – Interest – Imputation of Interest (Subtopic 835-30). This ASU addressed the simplification of debt issuance costs presentation by presenting them in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts or premiums. This accounting standard update is not expected to have a material impact on the Company's financial statements.

In January 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2015-01 – Income Statement – Extraordinary and Unusual Items (Subtopic 225-20). This ASU addressed the simplification of income statement presentation by eliminating the concept of extraordinary items. The objective of the Simplification Initiative is to identify, evaluate, and improve areas of generally accepted accounting principles (GAAP) for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to the users of financial statements. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The Company does not expect a material impact on its consolidated statements of condition, results of operations, or cash flows.

In August 2014, the FASB issued authoritative guidance that requires an entity's management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern and requires additional disclosures if certain criteria are met. This guidance is effective for fiscal periods ending after December 15, 2016, with early adoption permitted. This accounting standard update is not expected to have any impact on the Company's consolidated financial statements.

**AMARU, INC. AND SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31 2015 AND 2014****4. OTHER CURRENT ASSETS**

Other current assets consist of the following:

	<b>December 31, 2015</b>	December 31, 2014
Prepayments	<b>\$ 36,342</b>	\$ 28,964
Deposits	<b>12,465</b>	39,246
Other receivables, net of \$100,000 at December 31, 2015 and 2014,	<b>2,898</b>	3,065
	<b>\$ 51,705</b>	\$ 71,275

A \$100,000 non-interest bearing loan that was made to a third party was included in other receivables as of December 31, 2015 and 2014, respectively. An allowance for the full amount has been recorded due to the uncertainty in collectability as of December 31, 2015.

**5. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

<b>December 31,</b>	December 31,
-------------------------	-----------------

	<b>2015</b>	2014
Office equipment	<b>\$968,060</b>	\$966,911
Motor vehicle	<b>11,000</b>	11,000
Furniture, fixture and fittings	<b>87,078</b>	87,078
Pony set-top boxes	<b>843,946</b>	843,946
	<b>1,910,084</b>	1,908,935
Accumulated depreciation	<b>(1,893,292)</b>	(1,880,330)
	<b>\$16,792</b>	\$28,605

Depreciation expense was \$12,962 for the year ended December 31, 2015 and \$9,575 for the year ended December 31, 2014.

## 6. FILM LIBRARY

Film library consist of the following:

	<b>December 31,</b>	December 31,
	<b>2015</b>	2014
Acquired film library	<b>\$23,686,731</b>	\$23,686,731
Accumulated amortization	<b>(4,520,325 )</b>	(4,520,325 )
	<b>19,166,406</b>	19,166,406
Impairment of film library	<b>(19,166,406)</b>	(19,166,406)
Film library	<b>\$—</b>	\$—

Amortization expense was nil for the year ended December 31, 2015 and 2014.

**AMARU, INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31 2015 AND 2014**

**7. COMMITMENTS**

**Operating Leases**

The Company leases the office place under an operating lease at a monthly rental of approximately \$8,900. The lease was amended on December 1, 2015 at a monthly rental of approximately \$5,000 which expiring on November 30, 2016. Total rental expense on operating leases for the years ended December 31, 2015 and 2014 was \$101,043 and \$109,207, respectively. As of December 31, 2015, the future minimum lease payments are as follows:

For the year ending	
December 31,	Operating
2016	55,000
	\$ 55,000

**8. INCOME TAXES**

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

The Company had available approximately \$10,500,000 of unused U.S. net operating loss carry-forwards at December 31, 2015, 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, 2015 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 \$11,700,000 of unused Singapore tax losses and capital allowance carry-forwards at December 31, 2015, 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 2015 AND 2014****9. CONVERTIBLE TERM LOAN**

<b>December 31,</b>	December 31,
<b>2015</b>	2014

Current:

Convertible loan	<b>\$1,499,750</b>	\$1,499,750
	<b>\$1,499,750</b>	\$1,499,750

The convertible loan represents a two year convertible loan drawn down 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. This loan is currently in default. M2B World Asia Pacific Pte. Ltd. is negotiating to obtain a further extension on the convertible loan, until which interest is being accrued on the outstanding loan balance at 5% per annum. The interest expenses that included in accrued expenses was \$102,922 and \$97,913 as of December 31, 2015 and 2014, respectively.

**10. CONCENTRATION OF CREDIT RISK**

Two customers accounted for approximately 88% of the revenue for the year ended December 31, 2015 and one customer accounted for approximately 80% year ended December 31, 2014, respectively.

**11. COMMON STOCK**

On February 2, 2015, the Company issued+ a total of 1,000,000 shares of its restricted common stock, \$0.001 par value per share to one individual at \$0.05 per share for a total of \$50,000.

On October 29, 2015, the Company issued a total of 30,000,000 shares of its restricted common stock, \$0.001 par value per share, to three of its officers and directors at \$0.02 per share. The shares were issued pursuant to the Company's 2013 Equity Compensation Plan ("2013 Plan") which provides for the grant to directors, offices, employees and consultants of the Company of stock based awards and options to purchase up to an aggregate of 30,000,000 shares of restricted common stock.

On November 26, 2015, the Company issued a total of 2,876,829 shares of its restricted common stock, \$0.001 par value per share to INFOCOMM ASIA HOLDINGS PTE, LTD. At \$0.02 per share in exchange of offsetting the existing debt in the amount of approximately \$57,537 due for the outstanding payments of the office rent.

## **12. SUBSEQUENT EVENTS**

From February 04, 2016 to July 28, 2016, the Company issued a total of 2,987,381 shares of Series C 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 \$262,241.70 to "accredited investors", as that term is defined in Regulation D of the Securities Act of 1933. Each share of Series C Convertible Preferred Stock is convertible into twenty (20) shares of common stock.

Management evaluated all activity of the Company and concluded that there were no other subsequent events to disclose.