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

FORM 10-KSB

(Mark One)

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004  
OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-28560

AMARU, INC.

(Name of small business issuer in its charter)

NEVADA 88-0490089  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

112 Middle Road, #08-01 Midland House, Singapore 188970  
(Address of principal executive offices) (Zip Code)

(011) (65) 63329287  
(Issuer's telephone number, including area code)

Securities registered under Section 12(b) of the Act:  
Title of each class Name of exchange on which registered  
NONE NONE

Securities registered under Section 12(g) of the Exchange Act:

COMMON STOCK, \$0.001 PAR VALUE  
(Title of Class)

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will 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-KSB or any amendment to this Form 10-KSB.

State issuer's revenues for its most recent fiscal year: \$3,984,981.

The aggregate market value of the voting common equity held by non-affiliates of the registrant computed by reference to the closing sale price of the common stock as of March 10, 2005 was \$64,416,084.

The number of shares outstanding of the registrant's only class of common stock, \$0.001 par value per share, was 27,250,000 as of March 10, 2005.  
The registrant has no outstanding non-voting common equity.

DOCUMENTS INCORPORATED BY REFERENCE:  
NONE

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

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Item 1. DESCRIPTION OF BUSINESS

BACKGROUND

Amaru, Inc. (the "Company" or "Amaru") was incorporated under the laws of the state of Nevada in September, 1999. The Company's corporate offices are located at 112 Middle Road, #08-01 Midland House, Singapore 188970; telephone (65) 63329287. The Company, through its operating subsidiary, M2B World Pte Ltd., a Singapore corporation ("M2B World"), is the leading provider of interactive video-on-demand streaming and e-commerce over Broadband channels, Internet portals and Third-Generation (3G) devices. Prior to the acquisition of M2B World, the Company has been in the developmental stage since inception and had no operating history other than organizational matters.

As of February 25, 2004 (the "Closing Date"), Amaru acquired M2B World Pte Ltd., 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 ("IRC") pursuant to the Agreement and Plan of Reorganization (the "Reorganization Agreement") 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 newly issued Company's Series A Convertible Preferred Stock can be converted to 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.

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.

COMPANY OVERVIEW

Business Overview

The Company through its wholly owned subsidiary, M2B World, is one of the significant participants in the Broadband entertainment business. The Company is the leading provider of interactive video-on-demand streaming and e-commerce over Broadband channels, Internet portals and Third-Generation (3G) devices. It has launched multiple Broadband TV and integrated shopping websites with over 100 channels of content designed and programmed to effectively target specific viewer profiles and lifestyles of local and international audiences. The Company controls substantial content libraries for aggregation, distribution and syndication on Broadband and other media, sourced from Hollywood and major content providers around the world.

Business Strategy

The Company's business strategy is to be a diversified media company specializing in the interactive media industry, using the latest broadband, E-Commerce and communications technologies and access to international content and programming.

The Company's goal is to provide on-line entertainment and education on-demand on Broadband channels, Internet portals and 3G devices across the globe, for specific and identified viewer lifestyles, demographics and interests; and to tie the viewing experience to an on-line shopping experience. The Company's diversified operations are intended to generate multiple revenue streams. The Company's goal is that its earnings are not over-reliant on any one single revenue source. The Company's growth plan for the coming years includes a long term success strategy that focuses on multiple growth areas and territories. This growth balance in our business is to be achieved by paying close attention to our acquisition of content rights and distribution over the broadband networks.

Broadband technology is high speed, high-bandwidth, two-way data, voice and video communications, delivered at high transmission rates up to 12 Mbps. It allows the following to be delivered:

- o Video-on-demand (VOD) services that enable individuals to select videos from a Central Server, on-demand 24 hours a day, 7 days a week, for viewing on:
  - o Television screens (Set top Box Technology)
  - o PCs (Digital Subscriber Line (DSL) Technology)
  - o Personal Digital Assistants (PDA), 3G handphones (Wireless Technology)
- o E-Commerce or online shopping - linked interactively to the VOD platforms on broadband. Consumers choose to buy products online with digital cash as they watch the videos.

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

The Company's key product offerings on the VOD platform are:

- a) Entertainment - Consumers pay a monthly subscription for access to movies, music, glamour and fashion, lifestyle (hobbies, cooking, 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.
- b) Adult Education - consumers pay a monthly subscription to view programs on management skills, communication skills, decision making, customer services and sales, motivation, presentation and writing skills, counseling and others.

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

1. advertising i.e. program & 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. online games micro-payments and licensing
7. E-commerce commissions and online dealerships

The Company's operating subsidiary, M2B World's operations, sales and marketing functions are based out of Singapore and located at 112 Middle Road, #08-01 Midland House. The corporate website is located at [www.m2bworld.com](http://www.m2bworld.com).

#### COMPANY BUSINESS PLAN

The Company's immediate plan in the next three years is to launch high impact, rich media, entertainment and education content channels globally over the broadband and 3G, comprising of:

- o On-line "Television" on subscription basis - Broadband access premium sites
- o Advertising and Sponsorship - supporting the online broadband subscription sites
- o On-line shopping malls - E-commerce platforms, and alongside the broadband sites, on an interactive basis.

In addition to expanding our entertainment sites, our proposed broadband sites for 2005 consist of:

- a) Education sites in support of School Learning Content. Sites will offer educational material for pre-school and primary level kids, including fun learning programs, mathematics, English, Mandarin and general knowledge.
- b) Massively Online Multiple Player Games (MMOGS) - players of all ages will have access to online games that can be played with players from all over the world.

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c) Health and Wellness Sites will offer health, fitness and beauty content ( yoga, pilates, dieting, health foods) integrated with a health and beauty shopping platform for international viewers and shoppers.

d) "E-bay" type site which will be an electronic market place for business-to-business and business-to-consumer trade exchange.

The Company has built and installed its broadband streaming system complete with firewalls, load balancing, bandwidth and consumer monitoring systems, video streaming, video storage and web servers in Singapore.

The Company has currently developed its streaming applications to stream into television sets, through a copper wire or telephone cable and via a set top box. Testing of set top boxes was successfully completed in 2003.

The Company has developed a capability to stream wireless broadband and have its own digitized entertainment sites for wireless broadband applications. By the end of 2004, M2B had successfully participated in trial runs with major telcos in Asia on launching its broadband contents in the modified form for 2.75/3G handphones.

The Company plans to restructure its operations in the next twelve months to meet fully its global expansion initiatives. The restructuring plans include the formation of three new wholly owned subsidiaries of Amaru Inc., in addition to the existing subsidiary, and the setting up of a representative office in China.

The Company plans to reorganize its businesses in fiscal year 2005 under the following entities:

- a) M2B WORLD PTE LTD (SINGAPORE). This subsidiary will continue to oversee the management and operation of the company as a whole and oversee the Asian business.
- b) M2B WORLD INC.(USA) incorporated on January 24, 2005. This subsidiary will handle and oversee the Company's business in the USA. The company has leased a new office on Sunset Boulevard, West Hollywood that comes into effect from April 1, 2005.
- c) M2B GAME WORLD PTE LTD (SINGAPORE) incorporated on January 24, 2005. This company will function as a wholly owned subsidiary company of M2B World Pte Ltd and will handle the venture into online games. The Company has already secured an online games franchise for six countries.
- d) AMARU HOLDINGS LIMITED (BVI) incorporated in the British Virgin Islands on February 21, 2005. All rights and licenses for the entertainment and education content (like movies, dramas, lifestyles, corporate training, and others) will be held under this company.
- e) M2B COMMERCE LIMITED(BVI). M2B World has a wholly owned subsidiary, M2B Commerce Limited, registered in the British Virgin Islands. M2B World intends to consolidate all its e-commerce operations and possibly launch new "e-bay" type initiatives under M2B Commerce Limited. With effect from January 11, 2005 ownership of this company has been transferred from M2B World Pte Ltd to Amaru Inc. and is wholly owned directly under Amaru Inc.
- f) A CHINA REPRESENTATIVE OFFICE has been set up in Shanghai. This representative office will be under M2B World Pte Limited and handle the Company's China business. The representative office has leased office space in the Shui On Plaza on Huai Hai Zhong Road in Central Shanghai with effect from March 15 2005.

The existing and newly incorporated subsidiary companies are intended to spearhead the expansion of the Company's business in fiscal 2005 and provide focus in specific growth areas and specific territories. In addition to the above, the Company plans to expand further in the last two quarters of fiscal 2005, by setting up subsidiary companies in Canada, United Kingdom and Australia.

MARKET

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 most desirable applications that will meet the 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, fast and on the fly. On the other hand the enterprise must reach out to this and the next generation through the new medium, or be left behind.

To meet this high demand, the Company has strategic relationships with major production houses, and access to major distributors worldwide. This is expected to put the Company in a very strong position in acquiring high quality, original video content. Such strategic positioning has resulted in the Company acquiring exclusive 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 of utilizing technology.

BUSINESS RISKS

- o 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, not only in Asia but also in the US and Europe. The degree of success of this depends on

- 1) our efforts to establish independent broadband sites in countries where conditions are suitable.
- 2) our ability to expand our offerings of content in entertainment and education, to include more niche channels and offerings like online games and
- 3) Our ability to provide content beyond just personal computers but to encompass television, wireless application devices and 3G handphones

- o 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

- o 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.

- o 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.

- o The competition of services provided by broadband cable network operators and TV networks.

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.

- o 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 and 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.

#### COMPETITION

The Company, as a major content aggregator for programs on broadband, faces keen competition especially in the acquisition of content for its channels. It competes 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 and education in a broadcast mode. In future, these networks may also extend their reach to the video-on-demand broadband service. This may put them directly in 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.

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 and home theatres.

In the subscription based online gaming business, the Company's subsidiary, M2B Game World 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.

#### EMPLOYEES

As of December 31, 2004 we had 13 employees of which 7 are full time and 6 are part time employees. All the employees are currently based in Singapore. Commencing April 2005, more employees will be recruited and sent to the US and China to start and manage the offices there.

#### Item 2. DESCRIPTION OF PROPERTY

The headquarters for operations and management is located in Singapore in an office space of about 4,000 square feet. We entered into a three years operating lease paying a monthly rent of \$4,294. The lease will be due for renewal in another 3 years and the rent will be based on the open market rates.

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Two offices were also opened in the US and China. The office in the US consists of about 200 square feet and is situated on Sunset Boulevard, West Hollywood and is scheduled to open on April 1, 2005. The office in China consists of about 120 square feet and is situated in Shui On Plaza, Huai Hai Zhong Road in Central Shanghai and was opened on March 15, 2005.

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

We are not a party to any material pending legal proceedings.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the year ended December 31, 2004 and quarter ended December 31, 2004, no matters were submitted to a vote of our common stockholders.

Item 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

PUBLIC MARKET

Our common stock trades on the Pink Sheets Electronic Quotation System under the symbol "AMRU". As of March 10, 2005 there were 89 holders of our common stock.

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, if any, 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. The Company presently intends to retain all earnings, if any, for use in the Company's business operations and accordingly, the Board does not anticipate declaring any dividends in the foreseeable future.

RECENT SALES OF UNREGISTERED SECURITIES

On February 10, 2004, M2B World issued 1,363,636 shares of \$0.31 par value Series D common stock for a total cash capital contribution of \$287,745 prior to the acquisition by the Company.

On October 1, 2004, Amaru Inc. issued 100,000 "restricted" shares of common stock for services valued at \$5,000. The shares were issued without registration in reliance upon the exemption provided by Section 4(2) of the Securities Act.

On October 25, 2004, a total of 143,000 shares of Series A Preferred Stock was converted to 5,500,000 shares of common stock of Amaru Inc.

On October 28, 2004 Amaru Inc. issued 300,000 shares of common stock through private placement at a price of \$2.80 per share.

On November 20, 2004 Amaru Inc. issued 100,000 shares of common stock through private placement at a price of \$2.80 per share.

On December 10, 2004 Amaru Inc. issued 200,000 shares of common stock through private placement at a price of \$3 per share.

On December 11, 2004 Amaru Inc. issued 100,000 shares of common stock through private placement at a price of \$3 per share.

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The shares issued in the private placements set forth above were issued in reliance upon the exemption from registration set forth in Section 4(2) of the Securities Act and Regulation D (Rules 505 and/or 506) promulgated under the Securities Act. The shares were offered and sold to investors who were "accredited investors" as defined in the Securities Act. Appropriate investment representations were obtained and the securities were issued with restrictive legends.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

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.

General

M2B World is in the business of broadband entertainment and education-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, and broadband consulting services and E-commerce.

As of February 25, 2004 (the "Closing Date"), the Company acquired M2B World 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 ("IRC") pursuant to the Agreement and Plan of Reorganization (the "Reorganization Agreement") 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 newly issued Company's Series A Convertible Preferred Stock can be converted to 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.

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.

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

RESULTS OF OPERATIONS  
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For the year ended December 31, 2004 compared with the year ended December 31, 2003

OVERVIEW

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

The Company owns exclusive rights in the broadband media for various content. The Company intends to apply broadband technologies to facilitate its growth in the broadband and internet sector.

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

At the same time the Company launches e-commerce channels (portals) that provide on-line shopping but with a difference, merging two leisure activities of shopping and entertainment. The entertainment channels are designed to drive and promote the shopping portals, and vice versa.

The Company has a license to operate an E-commerce platform in Singapore and the first right of refusal in certain Asian countries. This E-commerce platform will enable the Company to provide an extensive on-line trading opportunities for consumers and companies to barter and/or purchase goods. The marketing of this E-commerce platform can be done through its entertainment channels.

The Company's business model in the area of broadband entertainment includes both education and services, which would provide the Company with multiple streams of revenue. Such revenues would be derived from channel and program sponsorship (advertising and branding), on-line subscriptions, online games micro-payments, channel/portal development (digital programming services), content aggregation and syndication, broadband consulting services, on-line shopping turnkey solutions, E-commerce commissions and on-line dealerships.

The Company's Broadband Sites

As of December 31, 2004, the following Broadband sites were set up both in the United States and abroad to cater to different market segments.

1. ENTERTAINMENT

International sites:

- o Star78.com - an advertising-based Family Entertainment site
- o Shine8.com - an advertising-based Lifestyle site
- o Jump29.com - an advertising-based Young Adults site
- o Dreamstage7.com - an advertising & subscription-based Glamour & Fashion site
- o Dimension88.com - an advertising & subscription-based Movie site
- o Dragon78.com - an advertising & subscription-based Mandarin Entertainment site

US Sites:

- o Dragon78.tv - an advertising & subscription-based Mandarin Entertainment site

2. EDUCATION SITES

International Sites:

- o Wiz5.com - an advertising & subscription-based Business & Corporate Training site

US Sites:

- o Wiz5.US - an advertising & subscription-based Business & Corporate Training site

3. E-COMMERCE SITES

International Sites:

- o Starzmall, A One-Stop Shopping Paradise
- o Trotteuse, A Second-Hand Branded Goods Mall

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#### REVENUE

The revenue for the year ended December 31, 2004 was \$3,984,981.

Licensing and advertising revenue which is the main component of operating revenue for the year ended December 31, 2004 increased to \$3,896,284 from \$998,238 for the year ended December 31, 2003. The increase of \$2,898,046 ( 290%) resulted primarily from advertising and content syndication arising out of the launch of newly enhanced broadband sites. Beginning August, September and the last quarter of 2003, the Company launched new broadband sites in US and Singapore. These sites included Chinese entertainment sites as well as business and corporate training sites, in the US and Singapore. One more new movie site was also launched in Singapore.

These enhancements to the existing broadband sites, and the launch of the new broadband sites as highlighted above, saw the first reasonably significant revenues from advertising and content syndication materializing in the last quarter of 2003. This also accounted for the bulk of the revenue for the year ended December 31, 2003.

During the year 2004, the Company had secured substantial advertising revenue as it sought to grow its subscription and e-commerce revenues. The Company acquired licensing rights to content to increase its advertising revenues, and provide it with a rich content platform to begin securing subscription revenues in the near future. At the same time the company increased its marketing efforts by taking up online advertising of its broadband sites.

The Company enhanced its fashion and glamour site. This international glamour and fashion site, the US business and corporate training site and three other international sites attracted the bulk of the advertising revenues.

#### COST OF SALES

The cost of sales incurred for the year ended December 31, 2004 was \$3,053,715 which was higher than the year ended December 31, 2003 of \$475,525 by \$2,578,190 (542%). The increase in cost on a year to year comparison was due to the acquisition of content license rights for the broadband sites in 2004. In 2004 acquisition of contents license rights was done throughout the year while in 2003 the acquisition of contents license rights only took place at the end of the third quarter and the fourth quarter. In 2003 the acquisition took place towards the end of the year in preparation for the launch of newly enhanced broadband sites and new broadband sites in August, September and last quarter of 2003.

In 2004 higher costs were also attributed to costs incurred in the development of the on-line games sites, 3G (third generation ) content sites and the Singapore Telecommunications broadband sites.

As a proportion of revenue the cost of sales for the year ended December 31, 2004 was 77% as compared to the same proportion of 47% for the year ended December 31, 2003. In the year 2003, a large content syndication and advertising contract was secured in the fourth quarter which resulted in the revenue of about \$1 million for the quarter and also the year. On the cost side, cost started to come in only in the last two quarters of the year when the company embarked on the acquisition of contents license rights for the launch of its newly enhanced broadband sites and new sites. The low cost and high revenue in the year 2003 resulted in the low 47% of cost as a proportion of revenue.

#### DISTRIBUTION EXPENSES

Distribution expenses for the year ended December 31, 2004 increased to \$283,532 from \$182,236 for the year ended December 31, 2003. The increase of \$101,296 (56%) was due mainly to the marketing and promotion of the broadband sites on an international basis in 2004. The main increase in distribution expenses over the year ended December 31, 2004 was mainly in the three months from April to June 2004. The amount incurred of \$204,443 in these three months accounted for 72% of the distribution costs of \$283,532.

#### GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended December 31, 2004 increased to \$580,023 from \$284,026 for the year ended December 31, 2003. The increase of \$295,997 (104%) resulted primarily from legal and other professional fees paid in the year ended December 31, 2004.

The high legal and other professional fees incurred in the year ended December 31,2004 was due to the compliance required of a publicly listed company. These expenses were not incurred for the year ended December 31, 2003 since the Company was not reporting during the period then ended.

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#### OPERATING INCOME

For the year ended December 31, 2004, the income from operations was \$67,711 which was close to the income from operations of \$63,956 for the year ended December 31, 2003.

The operating income margin for the year ended December 31, 2004 at 1.7% was lower than the operating income margin of 6.3% for the year ended December 31, 2003. Though revenue was higher in the year 2004 as compared to year ended 2003, costs in the year ended 2004 was also higher than costs in the year 2003.

The Company has to incur higher cost in 2004 due to 1) acquisition of richer and better mix of contents for its broadband sites 2)marketing and promotion of the broadband sites on an international basis 3)legal and professional fees in complying with the requirements of a publicly listed company 4)development of its on-line games site, 3G (third Generation )content sites and Singapore Telecommunications (Singtel) broadband sites to be rolled out in 2005. The development of these sites were undertaken in line with the company's intended diversification of its business in the broadband sector. These higher costs eroded the profit margin in 2004 resulting in a decrease from 6.3% for year ended December 31, 2003 to 1.7% for the year ended December 31, 2004.

#### GAIN ON SALE OF INVESTMENTS

On 29 December, 2004, the Company sold the entire 9.76% equity stake in FSBM M2B Sdn Bhd to a third party for \$600,000 at a gain of \$597,292.

FSBM M2B Sdn Bhd is a joint venture between M2B World and FSBM Holdings Berhad (formerly known as Fujitsu System Business Malaysia Berhad).

#### NET INCOME

Net income increased from \$39,530 for the year ended December 31, 2003 to \$512,295 for the year ended December 31, 2004. The increase of \$472,765 (1,196%) was attributed mainly to the gain on disposal of investments of \$597,292.

#### LIQUIDITY AND CAPITAL RESOURCES

The Company had cash at \$644,319 at December 31 2004 as compared to cash of \$60,307 at December 31, 2003.

The Company does not finance its operations through short-term bank credit, long-term bank loans nor leasing arrangements with financial institutions as it believes that cash generated from its operations will be able to cover its daily running cost and overheads.

During the fiscal year ended December 31, 2004, the Company has not entered into any transactions using derivative financial instruments or derivative commodity instruments nor held any marketable equity securities of publicly traded companies. Accordingly the Company believes its exposure to market interest rate risk and price risk is not material.

Cash generated from operations will not be able to cover the company's intended growth and expansion. The Company has plans in 2005 to expand its broadband coverage by launching new broadband sites in North America and Europe.

In North America, the Company intends to launch new broadband entertainment and business training content sites in 2005. As of September 2004, one new entertainment site and one new business training site had been launched in North America. In Asia, one new business training site had been launched in 2004. In the area of E-commerce, the company plans to launch one new shopping mall for health and wellness products online in the first half of 2005.

The Company has completed its prototype content for 3G (third generations) mobile phones. The Company is working with telecommunication companies and mobile operators on the possibility of launching this new content in the first half of 2005.

The Company was also in the process of developing its new on-line games sites for launching in the first half of 2005. This was the result of the Company's acquisition of an on-line games franchise for six countries in the second quarter of 2004.

To achieve its plans, the Company is seeking to fund its new growth activities through equity financing. The Company plans to use the proceeds of such financing for expansion of its operations.

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In the quarter ended December 31, 2004 the Company raised \$1,629,870 of equity financing to fund its growth activities through the private placement of its securities.

For the year ended December 31, 2004, the Company raised a total of \$1,917,615.

The Company believes that it can continue to raise funds through private placement of its securities to fund its growth and expansion.

#### NEW CONTRACTS

The Company has entered into three significant contracts in the last six months ended December 31, 2004 namely:

- o The provision of four broadband entertainment site with 26 channels for an exclusive high megabit broadband service with one of the major Telecommunication companies in Asia, namely Singapore Telecommunications (Singtel). The launch of the four new broadband sites was successfully completed in March 2005.
- o The acquisition of an on-line games franchise in six countries (Australia, New Zealand Philippines, Thailand, Indonesia and Singapore) with an on-line games company in Asia, namely MOL AccessPortal Berhad. The Company will enter the on-line games market to enhance its entertainment sites on the broadband. The Company expects to launch the first of these on-line games sites by the second quarter of 2005 through M2B Game World Pte Ltd.
- o The launch of an international fashion and glamour site with an on-line games company in Asia, namely MOL AccessPortal Berhad. This business will be carried out through M2B Commerce Limited.

In additional, the Company signed two other contracts with a Korean company for the distribution of set-top boxes worldwide, and supply of content. The Company intends to enhance its broadband entertainment services by allowing its viewers to have the option of watching its content via the television sets in 2005.

#### Item 7. FINANCIAL STATEMENTS

Our consolidated financial statements are included herein.

#### INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

1.	Report of Independent Registered Public Accounting Firm	F-1
2.	Consolidated Financial Statements	
	Consolidated Balance sheet as of December 31, 2004 and 2003	F-2
	Consolidated Statement of Operations for the years ended December 31, 2004 and 2003	F-3
	Consolidated Statement of Stockholders' Equity and Comprehensive Loss for the year ended December 31, 2004 and 2003	F-4
	Consolidated Statements of Cash Flows for the years ended December 31, 2004 and 2003	F-5
	Notes to Consolidated Financial Statements	F-6

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders  
Amaru, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheet of Amaru, Inc. and Subsidiary (the Company) as of December 31, 2004, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended. We have also audited the balance sheet of M2B World Pte. Ltd. as of December 31, 2003 and the related statements of operations, stockholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the 2004 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amaru, Inc. and Subsidiary as of December 31, 2004 and the consolidated results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2003 financial statements present fairly, in all material respects, the financial position of M2B Word Pte. Ltd. as of December 31, 2003 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ MENDOZA BERGER & COMPANY, LLP

Irvine, California  
March 17, 2005 except for Note 10 which is dated April 4, 2005.

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AMARU, INC. AND SUBSIDIARY  
BALANCE SHEETS

	DECEMBER 31, 2004 (CONSOLIDATED)	DECEMBER 31, 2003
<S>	<C>	<C>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 644,319	\$ 60,307
Accounts receivable	239	14,097
Other receivables	680,737	20,554
Prepaid expenses	5,576	33,758
Total current assets	1,330,871	128,716
Non current assets		
Property and equipment	520,360	18,866
Product development costs (net)	181,948	297,402
Investment, at equity	--	1,403,493
License	2,420,227	--
Other assets	--	2,708
Total non current assets	3,122,535	1,722,469
Total assets	\$ 4,453,406	\$ 1,851,185
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 126,345	\$ 64,738
Accounts payable - related parties	473,792	423,444
Line of credit	--	58,188
Term loan current portion	--	5,007
Deferred tax liability	36,760	--
Income tax payable	--	36,994
Advances from related parties	179,736	55,518
Total current liabilities	816,633	643,889
Commitments	--	--
Shareholders' equity		
Series A convertible preferred stock (par value \$0.001) 5,000,000 shares authorized: 0 shares issued and outstanding at December 31, 2004 and 2003, respectively	--	--
Common stock (par value \$0.001) 200,000,000 shares authorized; 27,200,000 shares issued and outstanding at December 31, 2004 and 18,136,364 at December 31, 2003	27,200	18,136
Paid in capital	2,932,751	867,292
Subscribed common stock, 0 and 337,513 shares at December 31, 2004 and 2003, respectively	--	128,255
Retained earnings	667,634	160,696
Comprehensive gain on currency translation	9,188	32,917
Total shareholders' equity	3,636,773	1,207,296
Total liabilities and shareholders' equity	\$ 4,453,406	\$ 1,851,185

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

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AMARU, INC. AND SUBSIDIARY  
STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	FOR THE YEAR ENDED	
	DECEMBER 31, 2004 (CONSOLIDATED)	DECEMBER 31, 2003
<S>	<C>	<C>
Revenue:		
Licensing and advertising (including \$2,700,000 to a related party for the year ended December 31, 2004 and \$0 for the year ended December 31, 2003)	\$ 3,896,284	\$ 998,238
E-commerce	12,046	--
Subscription and related services	5,123	4,569
Other income	71,528	2,936
Total revenue	3,984,981	1,005,743
Cost of services (Includes \$2,966,350 and \$423,444 from a related party for the year ended December 31, 2004 and December 31, 2003 respectively)	3,053,715	475,525
Gross profit (loss)	931,266	530,218
Distribution costs	283,532	182,236
Administrative expenses	580,023	284,026
Total expenses	863,555	466,262
Income (loss) from operations	67,711	63,956
Other (income) expense:		
Expenses related to public listing	152,582	--
Gain on sale of investment	(597,292)	--
Finance expenses	1,964	3,874
Income (loss) before income tax provision/(benefit)	510,457	60,082
Income taxes provision/(benefit)	(1,838)	20,552
Net income (loss)	\$ 512,295	\$ 39,530
Earnings (loss) per share-basic and diluted	\$ 0.02	\$ --
Weighted average number of common shares outstanding-basic and diluted	21,297,410	17,772,228

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

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AMARU, INC. AND SUBSIDIARY  
STATEMENT OF SHAREHOLDERS' EQUITY

	Series A Convertible Preferred Stock		Common Stock			Subscribed stock	Retained Earnings	Translation gain	Accumulated Total stock-holders' equity
	Number of Shares	Par Value (\$0.001)	Number of shares	Par value (\$0.001)	Additional Paid-in capital				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance December 31, 2002	--	\$ --	17,727,273	\$17,727	\$753,701	\$82,844	\$121,166	\$ (4,475)	\$ 970,963
Common stock issued for cash	--	--	409,091	409	113,591	--	--	--	114,000
Common stock subscribed at various dates	--	--	--	--	--	45,411	--	--	45,411
Net income	--	--	--	--	--	--	39,530	--	39,530
Comprehensive gain on currency translation	--	--	--	--	--	--	--	37,392	37,392
Comprehensive income									76,922
Balance December 31, 2003	--	--	18,136,364	18,136	867,292	128,255	160,696	32,917	1,207,296
Shares issued for cash Feb. 10, 2004	--	--	1,363,636	1,364	414,636	(128,255)	--	--	287,745
Reverse acquisition	143,000	143	500,000	500	(27,347)	--	--	--	(26,704)
Stock issued for services	--	--	1,000,000	1,000	49,000	--	--	--	50,000
Common stock issued for cash	--	--	700,000	700	1,629,170	--	--	--	1,629,870
Stock converted	(143,000)	(143)	5,500,000	5,500	--	--	(5,357)	--	--
Net income	--	--	--	--	--	--	512,295	--	512,295
Comprehensive loss on currency translation	--	--	--	--	--	--	--	(23,729)	(23,729)
Comprehensive income									488,566
Balance December 31, 2004 (consolidated)	--	\$ --	27,200,000	\$27,200	\$2,932,751	\$ --	\$667,634	\$ 9,188	\$3,636,773

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

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AMARU, INC. AND SUBSIDIARY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	FOR THE YEAR ENDED	
	DECEMBER 31, 2004 (CONSOLIDATED)	DECEMBER 31, 2003
<S>	<C>	<C>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 512,295	\$ 39,530
Adjustments to reconcile net income (loss)		
Amortization	121,142	115,914
Depreciation	14,339	24,689
Loss on disposition of fixed assets	7,823	7,530
(Gain) loss on sale of investment	(597,292)	--
Acquisition of license in exchange for account receivable	(1,016,734)	(1,403,493)
Common stock issued for services	50,000	--
Changes in operation assets and liabilities		
Accounts receivable	13,858	522,680
Prepaid and other receivables	(632,001)	16,414
Accounts payable and accrued expenses	111,955	479,460
Income tax payable	(234)	21,064
Net cash used in operating activities	(1,414,849)	(176,212)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of fixed assets	(523,656)	(2,360)
Acquisition of equipment	(5,688)	(16,635)
Proceeds from sales of investment	600,000	--
Net cash provided by (used in) investing activities	70,656	(18,995)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Addition to related parties	124,218	1,726
Proceeds from (payments on) line of credit	(58,188)	12,858
Net payments on bank term loan	(5,007)	(13,573)
Re-capitalization of M2B World Pte. Ltd.	(26,704)	--
Issuance of common stock for cash	1,917,615	159,411
Net cash provided by financing activities	1,951,934	160,422
Effect of exchange rate changes on cash	(23,729)	37,392
Cash flow from all activities	584,012	2,607
Cash balance at beginning of period	60,307	57,700
Cash balance at end of period	\$ 644,319	\$ 60,307
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest	\$ 1,964	\$ 3,874
Income taxes	\$ 103,974	\$ 0
Write off of fully depreciated fixed assets	\$ --	\$ 50,413

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

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AMARU, INC. & SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

1. BASIS OF PRESENTATION AND REORGANIZATION  
-----

DESCRIPTION OF BUSINESS  
-----

The Company through its wholly owned subsidiary, M2B World, is one of the significant participants in the Broadband entertainment business. The Company is the leading provider of interactive video-on-demand streaming and e-commerce over Broadband channels, Internet portals and Third-Generation (3G) devices. It has launched multiple Broadband TV and integrated shopping websites with over 100 channels of content designed and programmed to effectively target specific viewer profiles and lifestyles of local and international audiences.

The Company controls substantial content libraries for aggregation, distribution and syndication on Broadband and other media, sourced from Hollywood and major content providers around the world.

The Company's business strategy is to be a diversified media company specializing in the interactive media industry, using the latest broadband, E-Commerce and communications technologies and access to international content and programming.

The Company's goal is to provide on-line entertainment and education on-demand on Broadband channels, Internet portals and 3G devices across the globe; for specific and identified viewer lifestyles, demographics and interests; and to tie the viewing experience to an on-line shopping experience. This is to enable two leisure activities to be rolled into one for the ultimate convenience and reaching out to a global viewing audience.

REORGANIZATION  
-----

As of February 25, 2004, an agreement was entered into which provides for the reorganization of M2B World Pte. Ltd., a Singapore corporation with and into Amaru, Inc. (Amaru), a Nevada corporation, with M2B World Pte. Ltd. (M2B), becoming a wholly-owned subsidiary of Amaru. The agreement is for the exchange of 100% of the outstanding Common Stock of M2B World Pte. Ltd. for 19,500,000 common shares and 143,000 Series A convertible preferred shares of Amaru, which are each convertible into 38.461538 shares of Amaru common stock.

The exchange was accounted for as a reverse acquisition. Accordingly for financial statement purposes, M2B World Pte. Ltd. was considered the accounting acquiror and the related business combination was considered a recapitalization of M2B World Pte. Ltd. rather than an acquisition by the Company. The historical financial statements prior to the agreement will be those of M2B World Pte. Ltd. and the name of the consolidated Company going forward will be Amaru, Inc. and Subsidiary.

On this basis, the historical financial statements prior to February 28, 2004 have been restated to be those of the accounting acquirer M2B World Pte. Ltd. The historical stockholders' equity prior to the reverse acquisition has been retroactively restated (a recapitalization) for the equivalent number of shares received in the acquisition after giving effect to any difference in par value of the issuer's and acquirer's stock.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Amaru Inc and its wholly owned subsidiary. All significant transactions among the consolidated entities have been eliminated upon consolidation.

USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management has not made any subjective or complex judgments the application of which would result in any material differences in reported results.

CONCENTRATION OF CREDIT RISK

The credit risk is primarily attributable to the Company's trade receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Licensing and advertising revenues were concentrated with three customers totaling 100% of these related revenues for the year ended December 31, 2004 and one customer totaling 100% of these related revenues for the year ended December 31, 2003.

The Company's operations are conducted over the world wide web and some purchases are made from locations outside of Singapore. However all transactions are recorded in Singapore

	For the years ended December 31	
	2003	2004
Sales outside of Singapore	\$ --	\$ --
Services purchased outside of Singapore (1)	\$ 423,444	\$3,166,350

At December 31, 2003 and 2004 all assets of the Company were located in Singapore.

(1) Includes \$423,444 and \$2,966,350 purchased from a related party in Malaysia for the year ended December 31, 2003 and 2004, respectively (see Note 9)

CASH AND CASH EQUIVALENTS

Cash on hand, in banks and short-term deposits are held to maturity and are carried at cost.

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to cash and subject to insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts.

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REVENUES

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. Content syndication revenue is recognized as the content is delivered. E-commerce commissions are recognized as received. Broad-band consulting services and on-line turnkey solutions are recognized as earned.

To date the Company has only had revenues from licensing and advertising, E-commerce and subscriptions and related services.

COSTS OF SERVICES

The cost of services pertaining to 1) advertising and sponsorship revenue and 2) 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 are channel design and alteration, and hardware hosting and maintenance costs. All these costs are accounted for in the period incurred.

LICENSING RIGHTS

Licensing rights refers to the rights to use the content. These rights are purchased for a specific period as determined in the contract. The costs of these rights are recognized in the accounts over the life of the contract on a straight line basis. These contents are then streamed into the broad-band sites and the revenue earned from advertising, sponsorship and subscription are then recognized according to our policy on revenue.

TRADE AND OTHER RECEIVABLES

Trade receivables, which generally have 30 to 90 day terms, are recognized and carried at the original invoice amount less an allowance for any uncollectible amounts (if any). An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

The Company has reviewed trade and other receivables and determined that no allowance for doubtful accounts is required.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. Expenditures for major improvements are capitalized, while replacements, maintenance and repairs, which do not significantly improve or extend the useful life of the asset, are expensed when incurred.

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which is three to twenty years.

PRODUCT DEVELOPMENT

The Company capitalized the development and building cost related to the broad-band sites and infrastructure for the streaming system, most of which was developed in 2002. The Company projects that these development costs will be useful for up to five years before additional significant development needs to be done

IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews the carrying values of its long-lived and intangible assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No impairment losses were recorded in the years ended December 31, 2004 and December 31, 2003.

INVESTMENTS  
-----

Investments in unconsolidated subsidiaries in which the Company has a 20% to 50% interest or otherwise exercises significant influence are carried at cost, adjusted for the Company's proportionate share of their undistributed earnings or losses.

On December 27, 2002, the Company acquired a 9.76% interest in a joint venture entity, FSM M2B Sdn Bhd, which it accounted for at cost. The investment of \$2,708 is included in other assets at December 31, 2003.

On December 29, 2004, the Company sold the entire 9.76% equity stake in FSM M2B Sdn Bhd to a third party for \$600,000 at a gain of \$597,292.

On January 30, 2004, the Company acquired 100% of the outstanding common stock of CRE8 IP&P in exchange for \$2,420,227 of accounts receivable from CRE8 International Limited. CRE8 IP&P was incorporated in the British Virgin Islands to hold a license to operate an E-commerce platform. The company anticipates that the acquisition of CRE8 IP&P will allow M2B World to provide on-line trading opportunities for consumers and companies to barter and/or purchase goods.

The Company accounted for its acquisition of CRE8 IP&P under the purchase method of accounting and in accordance with SFAS No. 141 Business Combinations", which requires the acquirer to identify all of the assets acquired and liabilities assumed. As of January 30, 2004, CRE8 IP&P had no assets or liabilities on its books and has had no operations since its inception on July 25, 2002. However, the Company did identify a license owned by CRE8 IP&P that meets the separable and contractual recognition criteria of SFAS 141 for acquired intangible assets. The Company has allocated the entire cost of the acquisition of \$2,420,227 to the license based on its fair value as determined by a third party valuation.

CRE8 IP&P has recorded this license in its financial statements at \$2,420,227 in accordance with SAB No. 54, "Push Down Basis Of Accounting Required In Certain Limited Circumstances". The license has an indefinite life and is not subject to amortization.

ADVANCES FROM PARENT  
-----

Advances from parent are unsecured, non-interest bearing and carry no fixed terms of repayment.

FOREIGN CURRENCY TRANSLATION  
-----

Transactions in foreign currencies are measured and recorded in the functional currency Singapore dollars using the exchange rate in effect at the date of the transaction. The reporting currency is U.S. dollars. At each balance sheet date, recorded monetary balances that are denominated in a foreign currency are adjusted to reflect the rate at the balance sheet date and the income statement accounts using the average exchange rates throughout the period. Translation gains and losses are recorded in stockholders' equity as other comprehensive income and realized gains and losses are reflected in operations.

ADVERTISING  
-----

The cost of advertising is expensed as incurred. For the year ended December 31, 2004 the company incurred advertising expenses of \$209,944.

INCOME TAXES  
-----

Deferred income taxes are reported using the liability method. Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

EARNINGS (LOSS) PER SHARE

In February 1997, the Financial Accounting Standards Board (FASB) issued FAS No. 128 "Earnings Per Share" which requires the Company to present basic and diluted earnings per share, for all periods presented. The computation of earnings per common share (basic and diluted) is based on the weighted average number of shares actually outstanding during the period. The Company has no common stock equivalents, which would dilute earnings per share.

FINANCIAL INSTRUMENTS

The carrying amounts for the Company's cash, other current assets, accounts payable, accrued expenses, notes payable, and other liabilities approximate their fair value.

RECLASSIFICATIONS

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

RECENT ACCOUNTING PRONOUNCEMENTS

The Company has adopted accounting pronouncements issued before December 31, 2004, that are applicable to the Company. The Company has determined as of December 31, 2004 there are no recent pronouncements that if adopted would have a material effect on the financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 2003	December 31, 2004
	-----	-----
Office equipment	\$ 58,857	\$ 65,078
Film Library	--	500,000
Furniture, fixture and fittings	396	4,578
	-----	-----
	59,253	569,656
Accumulated depreciation	(40,387)	(49,296)
	-----	-----
	\$ 18,866	\$ 520,360
	=====	=====

Depreciation expense was \$24,689 the year ended December 31, 2003 and \$14,339 for the year ended December 31, 2004.

4. PRODUCT DEVELOPMENT

Product development consists of the following:

	December 31, 2003	December 31, 2004
	-----	-----
Development expenditures	\$ 595,413	\$ 601,101
Accumulated amortization	(298,011)	(419,153)
	-----	-----
	\$ 297,402	\$ 181,948
	=====	=====

Amortization expense was \$115,914 for the year ended December 31, 2003 and \$121,142 for the year ended December 31, 2004.

5. LINE OF CREDIT

The Company has a line of credit (\$61,267 for year ended December 31, 2004 and \$58,188 for year ended December 31, 2003), repayable on demand, used to fund the Group's short-term working capital requirements. The line of credit bears interest at prime lending rate plus 1% per annum (6% at December 31, 2004 and December 31, 2003). This line of credit is secured by a certificate of deposit and interest is payable monthly. The outstanding balance was \$58,188 at December 31, 2003 and nil at December 31, 2004.

6. COMMITMENTS

LEASES

The Company leases its office space under a one year operating lease which expires in February 2005 with a monthly payment of \$1,856. Rent expense totaled \$23,858 for the year ended December 31, 2003 and 18,946 for the year ended December 31, 2004.

The Company renewed its lease and took on a larger office space of about 4,000 square feet effective February 17, 2005 at a monthly rental of \$4,294. The lease expires on February 16,2008.

Minimum lease payments for the noncancellable operating leases for the years ending December 31,

2005	2006	2007	2008	Total
\$ 40,793	\$ 51,528	\$ 51,528	\$ 6,441	\$ 150,290

7. CAPITAL STOCK

COMMON STOCK

On February 10, 2004 the M2B issued 1,363,636 shares of \$0.31 par value Series D common stock for a total cash capital contribution of \$287,745 prior to the reverse acquisition.

On July 13, 2004, Amaru Inc issued 900,000 shares of common stock for services valued at \$45,000.

On October 1, 2004, Amaru Inc issued 100,000 shares of common stock for services valued at \$5,000.

On October 25, 2004, a total of 143,000 shares of Series A Preferred Stock was converted to 5,500,000 shares of common stock of Amaru Inc.

On October 28, 2004 Amaru Inc issued 300,000 shares of common stock through private placement at a price of \$2.80 per share for a total amount of \$840,000.

On November 20, 2004 Amaru Inc issued 100,000 shares of common stock through private placement at a price of \$2.80 per share for a total amount of \$280,000.

On December 10, 2004 Amaru Inc issued 200,000 shares of common stock through private placement at a price of \$3 per share for a total amount of \$600,000.

On December 11, 2004 Amaru Inc issued 100,000 shares of common stock through private placement at a price of \$3 per share for a total amount of \$300,000.

Costs of \$390,130 associated with the issuance of common stock were deducted from additional paid-in capital during the year ended December 31, 2004.

8. INCOME TAXES

The Company files separate tax returns for Singapore and the United States of America. Reconciliation of the differences between the statutory tax and the effective income tax are as follows:

	For the year ended	
	December 31, 2003	December 31, 2004
U.S. Federal statutory tax	--%	(30.0%)
U.S. State taxes, net of federal tax	--%	--
Foreign statutory tax rate	22.0%	20.0%
Non-deductible items and other	23.4%	(16.9%)
Tax exemptions	(11.2%)	(3.7%)
Valuation allowance	--%	30.0%
Effective income tax rate	34.2%	(0.6%)

The components of income tax expense consist of the following:

	For the year ended	
	December 31, 2003	December 31, 2004
Current:		
Federal	\$ --	\$ (49,500)
State	--	--
Foreign	20,552	(1,838)
Valuation allowance	--	49,500
	\$ 20,552	\$ (1,838)

The Company operated primarily in Singapore and incurred no United States federal or state income taxes as of December 31, 2004 and 2003.

The Company had available approximately \$330,000 of unused Federal net operating loss carry-forwards at December 31, 2004, that may be applied against future taxable income. These net operating loss carry-forwards expire for Federal purposes in 2024. There is no assurance that the Company will realize the benefit of the net operating loss carry-forwards.

SFAS No. 109 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. At December 31, 2004, a valuation allowance for the full amount of the net deferred tax asset was established due to the uncertainties as to the amount of the taxable income that would be realized.

9. RELATED PARTY TRANSACTIONS

For the year ended December 31, 2004 and 2003 the amount purchased from this related party was \$2,966,350 and 423,444 respectively. The related party is FSBM M2B Sdn Bhd ( FSBM ) which is registered in Malaysia. FSBM is a joint venture between M2B World and FSBM Holdings Berhad (formerly known as Fujitsu System Business Malaysia Berhad). FSBM served as a production base for M2B World, having digital post-production suites for content production. M2B World owns a 9.76% equity stake in FSBM

On December 29, 2004, the Company sold the entire 9.76% equity stake in FSBM M2B Sdn Bhd to a third party for \$600,000 at a gain of \$597,292.

10. SUBSEQUENT EVENT  
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*Amaru Holdings Limited, a wholly owned subsidiary of Amaru Inc., registered in the British Virgin Islands was incorporated on February 21, 2005.*

*M2B World Inc, a wholly owned subsidiary of Amaru Inc, registered in California was incorporated on January 24, 2005.*

*M2B Game World Pte Ltd, a wholly owned subsidiary of M2B World Pte Ltd registered in Singapore was incorporated on January 24, 2005. The ultimate holding company of M2B Game World Pte Ltd is Amaru Inc.*

*The ownership of M2B Commerce Limited was transferred from M2B World Pte Ltd to Amaru Inc and be wholly owned directly under Amaru Inc with effect from January 11, 2005.*

*A representative office of M2B World Pte Ltd was set up in Shanghai on March 22, 2005.*

*On February 1, 2005 Amaru Inc issued 50,000 shares of common stock through private placement at a price of \$3 per share.*

*On March 31, 2005 Amaru Inc. received \$450,000 through a private placement at a price of \$3 per share to issue 150,000 shares of common stock. The shares have not been issued as of the date of the report.*

*On April 4, 2005 Amaru Inc. received \$300,000 through a private placement at a price of \$3 per share to issue 100,000 shares of common stock. The shares have not been issued as of the date of the report.*

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Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Board of Directors of the Company approved the engagement of Mendoza, Berger & Co. LLP. ("MB") on November 17, 2003 to serve as the Company's independent public auditor and to conduct the audit of the Company's financial statements for the fiscal year 2003. The decision resulted from the fact that William D. Lindberg, the Company's previous auditor resigned for personal reasons.

The audit reports provided by the Company's previous auditor, William D. Lindberg, C.P.A., for the previous fiscal years did not contain any adverse opinion or disclaimer of opinion nor was any report modified as to uncertainty, audit scope or accounting principles. There have been no past disagreements between the Company and William D. Lindberg, C.P.A., on any matter of accounting principles or practices, financial statement disclosure or auditing, scope or procedure.

Item 8A. CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively) have concluded, based on their evaluation as of December 31, 2004, that the design and operation of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) are effective to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is accumulated, recorded, processed, summarized and reported to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding whether or not disclosure is required.

During the quarter ended December 31, 2004, there were no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 8B. OTHER INFORMATION

Sales of Unregistered Securities

On October 1, 2004, Amaru Inc issued 100,000 "restricted" shares of common stock for services valued at \$5,000. The shares were issued without registration in reliance upon the exemption provided by Section 4(2) of the Securities Act.

On October 25, 2004, a total of 143,000 shares of Series A Preferred Stock was converted to 5,500,000 shares of common stock of Amaru Inc.

On October 28, 2004 Amaru Inc issued 300,000 shares of common stock through private placement at a price of \$2.80 per share.

On November 20, 2004 Amaru Inc issued 100,000 shares of common stock through private placement at a price of \$2.80 per share.

On December 10, 2004 Amaru Inc issued 200,000 shares of common stock through private placement at a price of \$3 per share.

On December 11, 2004 Amaru Inc issued 100,000 shares of common stock through private placement at a price of \$3 per share.

The shares issued in the private placements set forth above were issued in reliance upon the exemption from registration set forth in Section 4(2) of the Securities Act and Regulation D (Rules 505 and/or 506) promulgated under the Securities Act. The shares were offered and sold to investors who were "accredited investors" as defined in the Securities Act.

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Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Our directors, executive officers and key employees as of December 31, 2004 were as follows :

Name	Age	Position
----	---	-----
Colin St.Gerard Binny	50	Chairman of the Board, Chief Executive Officer and Director
Francis Keong Kwong Foong	44	Chief Financial Officer

Colin Binny has served as the Chairman of the Board, Chief Executive Officer and Director since 2000. Mr. Binny held various senior management positions with local and global companies over the last 25 years. He is also the Chairman of M2B Media Group and the Chairman of Metromedia Productions, a regional event company. From 1996 through 1999, Mr. Binny was the President and CEO of UTV International ( Singapore ). Mr. Binny obtained his marine engineering diploma from the Singapore Polytechnic in 1975.

Francis Foong Keong Kwong, has served as the Company's Chief Financial Officer since October 1, 2004. Prior to joining M2B World, Mr. Foong was a Principal Consultant with Quality Vision Consultants. Prior to being a Principal Consultant, Mr. Foong had worked 19 years as a finance professional. From 1993 to 1996 he was Financial Controller of Natco Singapore Pte Ltd, a subsidiary of a large oil and gas company based in Houston. From November 2002 to February 2003 he was the Asean/ India Financial Controller for IBM Business Consulting Services. From May 1996 to November 2002 he was the Regional Finance Director for PwC East Asia Consulting (IBM Consulting merged with PwC East Asia Consulting in November 2002). He managed the regional finance function based in Singapore and the finance departments in the eight countries of China, Taiwan, Hong Kong, Thailand, Philippines, Malaysia, Singapore and Indonesia. From the years 1999 to 2002 he sat in the East Asia Board of Directors acting as a financial adviser to the Business sector leaders on business decisions, risks management and financial analysis on various business and strategy issues. Mr. Foong received Bachelor of Accountancy, National University of Singapore, is a Member, Singapore Institute of Certified Public Accountants since 1987. In 2004 he became a Fellow of the Institute. Mr. Foong received Master in Business Administration, University of Hull (UK) =n 1995.

COMMITTEES

The Company does not currently have standing audit, nominating or compensation committees of the Board of Directors, or committees performing similar functions.

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.m2bworld.com](http://www.m2bworld.com).

We intend to satisfy the disclosure requirement under Item 10 of Form 8-K relating to amendments to or waivers from provisions of the code that relate to one or more of the items set forth in Item 406(b) of Regulation S-B, 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.

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Based solely upon a review of copies of such reports furnished to us during the fiscal year ended December 31, 2004 and thereafter, or any written representations received by us from reporting persons that no other reports were required, we believe that, during our fiscal 2004, all Section 16(a) filing requirements applicable to our reporting persons were met.

Item 10. 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 cash compensation exceeded \$100,000 (collectively, the "named executive officers") during fiscal 2004 shown below. Sahra Partida was the sole officer and director of the Company in fiscal year 2003 and 2002. She did not receive any compensation for her services as the director and/or officer of the Company in fiscal years 2003 and 2002.

<TABLE>

Name and Principal Position	Year	Salary (1)	Annual Awards (2)	Bonus (3)	Other Compensation (4)
<S>	<C>	<C>	<C>	<C>	<C>
Colin Binny, CEO	2004	60,534	-	-	7,500
	2003	27,831			
	2002	68,181			
Francis Foong, CFO	2004	12,883	-	-	5,000

</TABLE>

1. No officers received or will receive any bonus or other annual compensation other than salaries during fiscal year 2004, other than stated above.
2. No officers received or will receive any long term incentive plan payouts or other payouts during fiscal year 2004.
3. Bonus awarded based on performance
4. Shares issued as compensation for services rendered to the Company. On July 13, 2004, 150,000 shares of common stock were issued to Colin Binny, the Company's CEO for services rendered valued at \$7,500 pursuant to the Company's 2004 Equity Compensation Plan. On October 1, 2004, 100,000 shares of "restricted" common stock were issued to Francis Foong, the Company's CFO for services rendered to the Company valued at \$5,000.

COMPENSATION OF DIRECTORS

The Company reimburses each Director for reasonable expenses (such as travel and out-of-pocket expenses) in attending meetings of the Board of Directors. Directors are not separately compensated for their services as Directors.

EMPLOYMENT AGREEMENTS, TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

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

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 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

General

As at December 31, 2004, 27,200,000 shares of our common stock were outstanding. The following table set forth information as of that date regarding the beneficial ownership of our stocks by:

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

Name and Address Of Beneficial Owner	Amount and Nature of Beneficial Ownership of of Common Stock	Percent of Class of Common Stock
Colin St.Gerard Binny 87 CASHEW ROAD #02-02 CASHEW HEIGHTS SINGAPORE 679658	150,000 (Direct) 5,527,972 (2) (Indirect)	20.9%
Francis Keong Kwong Foong 8 DOVER RISE #12-09 HERITAGE VIEW SINGAPORE 138678	100,000	0.4%
M2B Media Pte Ltd 112 MIDDLE ROAD #08-01 MIDLAND HOUSE SINGAPORE 188970	5,527,972 (2) (Direct)	20.3%
Asian Technology Resouces Sdn Bhd 63000 CYBERJAYA SELANGOR DARUL EHSAN MALAYSIA	2,303,322	8.5%
Asian Venture Group Pte Ltd 80 ROBINSON ROAD #17-02 SINGAPORE 068898	2,347,902	8.6%
Capital Hills Assets Limited OFFSHORE INCORPORATIONS LIMITED P.O.BOX 957 OFFSHORE INCORPORATIONS CT. TORTOLA, BRIT VIRGIN IS	1,560,315	5.7%
Ho Pong Chong BLOCK 46 LENGKOK BAHRU #11-263 SINGAPORE 150046	1,560,315	5.7%
Lily Lee 30 DOVER RISE#01-11 SINGAPORE 138687	1,486,014	5.5%
Annie Lin 36 HARTLEY GROVE SINGAPORE 457897	1,375,000	5.1%
Michael John Shone 5CD GOODWOOD HILL SINGAPORE 258904 All Directors and Officers As A Group (2 persons)	1,691,352 5,777,972	6.2% 21.2%

(1) 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 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 5,527,927 shares of common stock of Amaru, Inc held by Mr. Binny and his wife, Chew Bee Lian, indirectly as 100% shareholders of M2B Media Pte Ltd.

Item 12. CERTAIN RELATIONSHIP AND RELATED TRANSCATIONS

For the year ended December 31, 2004, M2B World sold \$2,700,000 of advertising services to a related party, FSBM M2B Sdn Bhd.

For the year ended December 31, 2004, M2B World acquired content license rights of \$2,966,350 from the same related party.

The related party is FSBM M2B Sdn Bhd which is registered in Malaysia. FSBM M2B was a joint venture between M2B World and FSBM Holdings Berhad (formerly known as Fujitsu System Business Malaysia Berhad). FSBM M2B serves as a production base for M2B World, having digital post-production suites for content production. M2B World owned a 9.76% equity stake in FSBM.

On December 29, 2004, the Company sold its entire 9.76% equity stake in FSBM M2B Sdn Bhd to a third party for \$600,000 at a gain of \$597,292.

Item 13. EXHIBITS

(a) Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Reorganization with M2B World Pte Ltd.**
3.1	Articles of Incorporation*
3.2	Amendment to the Articles of Incorporation***
3.3	Bylaws*
4.1	Form of Subscription Agreement executed by investors in the Private Placement*
14.1	Code of Ethics of the Company
14.2	Code of Ethics of Senior Officers of the Company
21	Company's Subsidiaries
31.1	Certification of Chief Executive Officer and Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act
31.2	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act
32.1	Certification of Chief Executive Officer and Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act
32.2	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act

\* 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.

ITEM 14. PRINCIPAL FEES AND SERVICES.

The following table presents fees for professional audit services rendered by P G Wee & Patners for the year ended December 31, 2003 and Mendoza Berger Company, LLP for the year ended December 31, 2004.

	2004	2003
Audit Fees: (1)	\$109,130	1,174
Tax Fees: (2)	5,000	998
Total	\$114,130	\$ 2,172

(1) Audit Fees: Fees for professional services performed by P G Wee for the audit of the company's annual financial statements for the year ended December 31, 2003. In the year 2003, the company was not publicly listed in the US. In the year 2004, fees were for professional services performed by Mendoza Berger Company, LLP for the audit of the annual financial statements and review of financial statements included in our 10-QSB filings, and services that are normally provided in connection with statutory and regulatory filings.

(2) Tax Fees: Fees for professional services performed by P G Wee with respect to tax compliance for year ended December 31, 2003. In the year 2003, the company was not publicly listed in the US. In the year 2004, fees were for professional services performed by Mendoza Berger Company, LLP relating to tax compliance, preparation and filing of returns for the company.

SIGNATURES  
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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/ Colin Binny

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Colin Binny, Chairman, President and Secretary

Date: 4/12/05

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.

<TABLE> <S> /s/ Colin Binny ----- Colin Binny	<C> Chairman, President, Secretary and Director (principal executive officer)	<C> Date: 4/12/05
/s/ Francis Foong ----- Francis Foong	Chief Financial Officer	Date: 4/12/05
</TABLE>		

March 31, 2004

AMARU, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION

*This Code of Business Conduct and Ethics (the "Code") covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all directors, officers and employees of Amaru, Inc. (the "Company"). All of our directors, officers and employees must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. The Code should also be provided to and followed by the Company's agents and representatives, including consultants.*

*Directors, officers, employee, agents and representatives of the Company are encouraged to promptly bring to the attention of the Company's Chief Executive Officer and the Company's Board of Directors any evidence of a violation of this Code.*

*This Code of Business Conduct and Ethics covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all directors, officers and employees of the Company. All of our directors, officers and employees must conduct themselves accordingly and seek to avoid even the appearance of improper behavior.*

*Nothing in this Code, in any Company policies and procedures, or in other related communications (verbal or written) creates or implies an employment contract or term of employment with the Company.*

*This Code is subject to modification. This Code supersedes all other such codes, policies, procedures, instructions, practices, rules or written or verbal representations to the extent they are inconsistent.*

*If a law conflicts with a policy in this Code, you must comply with the law. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.*

*Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination of employment.*

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

*Obedying the law, both in letter and in spirit, is the foundation on which this Company's ethical standards are built. All employees must respect and obey the laws of the cities, states and countries in which we operate. Although not all employees are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel.*

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If requested, the Company will hold information and training sessions to promote compliance with laws, rules and regulations, including insider-trading laws.

#### CONFLICTS OF INTEREST

A "conflict of interest" exists when a person's private interest interferes in any way with the interests of the Company. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, employees and their family members may create conflicts of interest. In addition, loans to directors and officers of the Company are prohibited.

It is almost always a conflict of interest for a Company employee to work simultaneously for a competitor, customer or supplier. You are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf. Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Directors. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with higher levels of management, including the Company's Chief Financial Officer. Any employee, officer or director who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described in the section entitled "Compliance Procedures" set forth below.

#### INSIDER TRADING

Employees who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about the Company should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also illegal. In order to assist with compliance with laws against insider trading, the Company has adopted a specific policy governing employees, trading in securities of the Company. This policy has been distributed to every employee. If you have any questions, please consult the Company's Chief Financial Officer.

#### CORPORATE OPPORTUNITIES

Employees, officers and directors are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors. No employee may use corporate property, information, or position for improper personal gain, and no employee may compete with the Company directly or indirectly. Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

COMPETITION AND FAIR DEALING

We seek to outperform our competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each employee should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided or accepted by any Company employee, family member of an employee or agent unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff and (5) does not violate any laws or regulations. Please discuss with your supervisor any gifts or proposed gifts which you are not certain are appropriate.

DISCRIMINATION AND HARASSMENT

The diversity of the Company's employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

HEALTH AND SAFETY

The Company strives to provide each employee with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.

RECORD-KEEPING

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported.

Many employees regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor.

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All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or off the books funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation please consult the Company's Chief Financial Officer.

#### CONFIDENTIALITY

Employees must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, except when disclosure is authorized by the Chief Financial Officer or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. The obligation to preserve confidential information continues even after employment ends. In connection with this obligation, every employee should have executed a confidentiality agreement when he or she began his or her employment with the Company.

#### PROTECTION AND PROPER USE OF COMPANY ASSETS

All employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Company equipment should not be used for non-Company business, though incidental personal use may be permitted.

The obligation of employees to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

#### PAYMENTS TO GOVERNMENT PERSONNEL

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. The Company's Chief Financial Officer can provide guidance to you in this area.

#### WAIVERS OF THE CODE OF BUSINESS CONDUCT AND ETHICS

Any waiver of this Code for executive officers or directors may be made only by the Board of Directors or a committee of the Board of Directors and will be promptly disclosed as required by law or stock exchange regulation.

#### REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by employees. Employees are expected to cooperate in internal investigations of misconduct.

Employees must read the Company's "EMPLOYEE COMPLAINT PROCEDURES FOR ACCOUNTING AND AUDITING MATTERS," which describes the Company's procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters. Any employee may submit a good faith concern regarding questionable accounting or auditing matters without fear of dismissal or retaliation of any kind.

#### COMPLIANCE PROCEDURES

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know if a violation has occurred. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- o Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- o Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- o Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- o Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.

- o *Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it locally with your office manager or your Human Resources manager.*
- o *You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.*
- o *Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.*

March 31, 2004

AMARU, INC.

CODE OF BUSINESS ETHICS FOR CEO AND SENIOR FINANCIAL OFFICERS

Amaru, Inc. (the "Company") has a Code of Business Conduct and Ethics applicable to all directors, officers and employees of the Company. The Chief Executive Officer ("CEO") and all senior financial officers, including the Chief Financial Officer, are bound by the provisions set forth therein relating to ethical conduct, conflicts of interest and compliance with law. In addition to the Code of Business Conduct and Ethics, the CEO and senior financial officers are subject to the following additional specific policies:

- o The CEO and all senior financial officers are responsible for full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the Company with the Securities and Exchange Commission (the "SEC"). Accordingly, it is the responsibility of the CEO and each senior financial officer promptly to bring to the attention of the Company's Audit Committee any material information of which he or she may become aware that affects the disclosures made by the Company in its public filings or otherwise assist the Board of Directors in fulfilling its responsibilities.
- o The CEO and each senior financial officer shall promptly bring to the attention of the Board of Directors any information he or she may have concerning (a) significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls.
- o The CEO and each senior financial officer shall promptly bring to the attention of the CEO and to the Board of Directors any information he or she may have concerning any violation of the Company's Code of Business Conduct and Ethics, including any actual or apparent conflicts of interest between personal and professional relationships, involving any management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls.
- o The CEO and each senior financial officer shall promptly bring to the attention of the CEO and to the Board of Directors any information he or she may have concerning evidence of a material violation of the securities or other laws, rules or regulations applicable to the Company and the operation of its business, by the Company or any agent thereof, or of violation of the Code of Business Conduct and Ethics or of these additional procedures.

- o *The Board of Directors shall determine, or designate appropriate persons to determine, appropriate actions to be taken in the event of violations of the Code of Business Conduct and Ethics or of these additional procedures by the CEO and the Company's senior financial officers. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to the Code of Business Conduct and Ethics and to these additional procedures, and shall include written notices to the individual involved that the Board has determined that there has been a violation, censure by the Board, demotion or re-assignment of the individual involved, suspension with or without pay or benefits (as determined by the Board) and termination of the individual's employment. In determining what action is appropriate in a particular case, the Board of Directors or such designee shall take into account all relevant information, including the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action and whether or not the individual in question had committed other violations in the past.*

*SUBSIDIARIES OF THE COMPANY*

- a) *M2B World Pte Ltd, a Singapore corporation.*
- b) *M2B World Inc., a Nevada corporation*
- c) *M2B Game World Pte Ltd, a Singapore corporation*
- d) *Amaru Holdings Limited, a BVI corporation.*
- e) *M2B Commerce Limited, a BVI corporation.*

CERTIFICATION

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I, Colin Binny, Chairman and President of Amaru, Inc. (the "Company" or the "registrant") certify that:

1. I have reviewed this annual report on Form 10-KSB of the Company;

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

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) [language omitted pursuant to SEC Release 34-47986] for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Omitted pursuant to SEC Release 34-47986];

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

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

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

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

Date: April 12, 2005

/s/ Colin Binny

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President

CERTIFICATION  
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I, Francis Foong, Chief Financial Officer of Amaru, Inc. (the "Company" or the "registrant") certify that:

1. I have reviewed this annual report on Form 10-KSB of the Company;

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

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) [language omitted pursuant to SEC Release 34-47986] for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Omitted pursuant to SEC Release 34-47986];

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

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

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

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

Date: April 12, 2005

/s/ Francis Foong

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Chief Financial Officer

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Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SS. 1350 ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Report of Amaru, Inc. (the "Company") on Form 10-KSB for the for the fiscal year ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Colin Binny, President of the Company, certify pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Colin Binny

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Colin Binny

President

April 12, 2005

CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SS. 1350 ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Report of Amaru, Inc. (the "Company") on Form 10-KSB for the for the fiscal year ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Francis Foong, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Francis Foong

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Francis Foong  
CFO  
April 12, 2005