AMARU INC
Form 10-Q
November 16, 2009

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

FORM 10-Q

Mark one:
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 2009

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 000-32695

Amaru, Inc.

(Exact name of registrant as specified in its charter.)

Nevada	88-0490089
(State of Incorporation)	(IRS Employer Identification No.)

62 Cecil Street, #06-00, TPI Building, Singapore 049710

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (65) 6332 9287

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X]   No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (ss.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES [ ] NO [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer |_|	Accelerated filer |_|	Non-accelerated filer |_| (Do not check if a smaller reporting company)	Smaller reporting company |X|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.

Yes [ ]   No [X]

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

Common Stock $0.001 par value	163,356,168 shares
(Class)	(Outstanding at September 30, 2009)

AMARU, INC. AND SUBSIDARIES
2009 Quarterly Report on Form 10-Q
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AMARU, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30, 2009	DECEMBER 31, 2008
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 512,748	$ 1,484,945
Accounts receivable, net of allowance of $9,750,322 and $1,055,855 at September 30, 2009 and December 31, 2008 respectively	1,223	134,710
Accounts receivable from sale of IPTV Platform	--	9,500,000
Equity securities held for trading	452,626	179,620
Other current assets	230,941	230,293
Inventories	642,268	644,153
Investments available for sale	2,602,613	2,402,613
Total current assets	4,442,419	14,576,334
Non-current assets		
Property and equipment, net	734,020	1,033,506
Intangible assets, net	20,373,107	20,872,056
Investments available for sale	616,136	616,136
Total non-current assets	21,723,263	22,521,698
Total assets	$ 26,165,682	$ 37,098,032
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 928,176	$ 1,319,897
Others payable	--	5,458
Advances from related parties	--	48,681
Capital lease payable - short term	10,952	10,809
Income taxes payable	5,428	5,428
Total current liabilities	944,556	1,390,273
Convertible term loan	2,401,546	2,307,796
Capital lease payable - long term	39,241	46,831
Total non-current liabilities	2,440,787	2,354,627
Total liabilities	3,385,343	3,744,900
Commitments	--	--
Stockholders' equity		
Preferred stock (par value $0.001) 5,000,000 shares authorized; 0 shares issued and outstanding at June 30, 2009 and December 31, 2008, respectively	--	--

Common stock (par value $0.001) 200,000,000 shares authorized;163,356,168 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively	163,356	154,098
Additional paid-in capital	40,107,172	39,190,666
Accumulated Deficit	(19,214,260)	(9,726,413)
Accumulated other comprehensive income	968,406	968,406
Total Amaru, Inc stockholders' equity	22,024,674	30,586,757
Noncontrolling interest	755,665	2,766,375
Total stockholders' equity	22,780,339	33,353,132
Total liabilities and stockholders' equity	$ 26,165,682	$ 37,098,032

See accompanying notes to consolidated financial statements

AMARU, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	FOR THE NINE MONTHS ENDED		
	September 30, 2009	September 30, 2008	Se
Revenue:			
Entertainment	$ 39,900	$ 55,568	$
Digit gaming	--	--	
Total revenue	39,900	55,568	
Cost of services	(170,578)	(344,318)	
Gross loss	(130,678)	(288,750)	
Distribution cost	(214,513)	(1,181,518)	
Selling, general and Administrative expenses	(1,678,634)	(2,828,519)	
Bad debt expense	(9,635,918)	(54,108)	
Total expenses	(11,529,066)	(4,064,145)	
Loss from operations	(11,659,744)	(4,352,895)	
Other (expenses) income			
Interest expense	(95,332)	(28,218)	
Interest income	120	12,368	
Gain on disposal of equipment	--	2,939	

Equipment written off	(16,607)	--	
Loss on disposal of investment available for sale	--	(465,888)	
Unrealized loss (gain) on trading securities	273,006	(1,825,000)	
Share of loss of associate	--	(18,173)	
Loss before income taxes	(11,498,557)	(6,674,867)	
Benefit for income taxes	--	958,050	
Net income (loss)	$ (11,498,557)	$ (5,716,817)	$
Attribute to:			
Equity holders of Amaru, Inc	$ (9,487,847)	$ (5,089,581)	$
Noncontrolling interests	(2,010,710)	(627,236)	
Earnings per share attributable to:			
- Amaru, Inc, Basic and diluted	$ (0.07)	$ (0.04)	$
Weighted average number of common shares outstanding - basic and diluted	160,253,369	159,431,861	

See accompanying notes to consolidated financial statements

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AMARU, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INC
(UNAUDITED)

	PREFERRED STOCK		COMMON STOCK		
	NUMBER OF SHARES	PAR VALUE ($0.001)	NUMBER OF SHARES	PAR VALUE ($0.001)	ADDITIONAL PAI IN CAPITAL
Balance at December 31, 2007	--	--	159,431,861	$ 159,431	$ 42,918,66
Net loss	--	--	--	--	-
Change in fair value of available for-sale-equity securities, net of tax	--	--	--	--	-
Common stock received in					

Cancellation of exchange for Repayment of investment	--	--	(5,333,333)	(5,333)	(3,728,00
Comprehensive income	--	--	--	--	-
Balance at December 31, 2008	--	--	154,098,528	$ 154,098	$ 39,190,66

See accompanying notes to consolidated financial statements

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	ACCUMULATED OTHER COMPREHENSIVE INCOME			
	CURRENCY TRANSLATION RESERVE	FAIR VALUE RESERVE	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
Balance at December 31, 2007	$ 12,927	$ 2,210,714	$ 4,619,381	$ 55,571,566
Net loss	--	--	(1,853,006)	(17,229,866)
Change in fair value of available for-sale-equity securities, net of tax	--	(1,255,235)	--	(1,255,235)
Common stock received in Cancellation of exchange for Repayment of investment	--	--	--	(3,733,333)
Comprehensive loss	--	--	--	(22,218,434)
Balance at December 31, 2008	$ 12,927	$ 955,479	$ 2,766,375	$ 33,353,132

See accompanying notes to consolidated financial statements

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AMARU, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INC

(UNAUDITED)

	PREFERRED STOCK		COMMON STOCK		
	NUMBER OF SHARES	PAR VALUE ($0.001)	NUMBER OF SHARES	PAR VALUE ($0.001)	ADDITIONAL PAI IN CAPITAL
Balance at December 31, 2008	--	--	154,098,528	$ 154,098	$ 39,190,66
Subscribed common Stock issued	--	--	9,257,640	9,258	916,50
Net loss	--	--	--	--	-
Comprehensive income	--	--	--	--	-
Balance at September 30, 2009	--	--	163,356,168	$ 163,356	$ 40,107,17

See accompanying notes to consolidated financial statements

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	ACCUMULATED OTHER COMPREHENSIVE INCOME			
	CURRENCY TRANSLATION RESERVE	FAIR VALUE RESERVE	NONCONTROLLING INTEREST	TOTAL SHAREHOLDERS' EQUITY
Balance at December 31, 2008	$ 12,927	$ 955,479	$ 2,766,375	$ 33,353,132
Subscribed commom Stock issue	--	--	--	925,764
Net loss	--	--	(2,010,710)	(11,498,557)
Comprehensive loss	--	--	--	(10,572,793)
Balance at September 30, 2009	$ 12,927	$ 955,479	$ 755,665	$ 22,780,339

See accompanying notes to consolidated financial statements

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AMARU, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE NINE MONTHS ENDED	
	September 30 2009	September 2008
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) including noncontrolling interest	$(11,498,557)	$ (5,716,8
Adjustments to reconcile net income to cash and cash equivalents used or provided by operations:		
Amortization	602,406	872,1
Depreciation	356,566	504,8
Equipment written off	16,607	
Allowance for doubtful debts	9,635,919	
Gain on disposal of equipment	--	(2,9
Loss on disposal of investment available for sale	--	465,8
Deffered taxes	--	(947,0
Net change in fair value of financial assets at fair value Through profit or loss-held for trading	(273,006)	1,825,0
Share of loss of Equity Method Investment	--	18,1
Changes in operation assets and liabilities		
Accounts receivables	(2,432)	587,7
Inventories	1,885	11,3
Others current assets	(648)	126,0
Accounts payable and accrued expenses	(391,721)	(1,219,7
Other payables	(5,458)	(100,0
Net cash used in operating activities	(1,558,439)	(3,575,4
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(73,687)	(15,5
Proceeds from disposal of equipment	--	18,6
Acquisition of intangible assets	(9,707)	(73,1
Proceeds from disposal of investment available for sale	--	1,505,2
Acquisition of investment available for sale	(200,000)	
Net cash provided by (used in) investing activities	(283,394)	1,435,1
CASH PROVIDED FROM FINANCING ACTIVITIES		
Repayment of related parties	(48,681)	(76,9
Repayments of obligations under capital leases	(7,447)	(6,5
Receipts from convertible term loan	--	2,276,5
Receipts from common stock issued	925,764	
Net cash provided by (used in) financing activities	869,636	2,193,0
Effect of exchange rate changes on cash and cash equivalents	--	
Cash flows from all activities	(972,197)	52,7

Cash and cash equivalents at beginning of period	1,484,945	2,322,5
Cash and cash equivalents at end of period	$ 512,748	$ 2,375,3

See accompanying notes to consolidated financial statements

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AMARU, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2009 AND 2008

1. BASIS OF PRESENTATION AND REORGANIZATION

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

The Company is also in the business of digit gaming (lottery). The Company has an 18 year license to conduct nation wide lottery in Cambodia. The Company through its subsidiary, M2B Commerce Limited, signed an agreement with Allsports International Ltd, a British Virgin Islands company to operate and conduct digit games in Cambodia and to manage the digit games activities in Cambodia. The digit game lottery operations have been suspended by the government of Cambodia in March, 2009, and it cannot be determined at this time whether the suspension of the digit games lottery is temporary or permanent, see Note 15.

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 and E-Commerce Channels on Broadband, and 3G (Third Generation) devices.

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

At the same time the Company launches e-commerce channels (portals) that provide on-line shopping and pay per view services 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's business model in the area of broadband entertainment includes e-services, which would provide the Company with multiple streams of revenue. Such revenues would be derived from advertising and branding (channel and program sponsorship); on-line subscriptions; online games micro-payments; channel/portal development (digital programming services); content aggregation and syndication; broadband consulting services; on-line shopping turnkey solutions; broadband hosting and streaming services; E-commerce commissions and on-line dealerships.

1.2 Recent Accounting Pronouncements

With the exception of those stated below, there have been no recent accounting pronouncements or changes in accounting pronouncements during the nine months ended September 30, 2009, as compared to the recent accounting pronouncements described in the Annual Report that are of material significance, or have potential material significance, to the Company.

Effective July 1, 2009, the Company adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 105-10, GENERALLY ACCEPTED ACCOUNTING PRINCIPLES - OVERALL ("ASC 105-10"). ASC 105-10 establishes the FASB ACCOUNTING STANDARDS CODIFICATION (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification is non-authoritative. The FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates ("ASUs"). The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the basis for conclusions on the change(s) in the Codification. References made to FASB guidance throughout this document have been updated for the Codification.

Effective January 1, 2008, the Company adopted FASB ASC 820-10, FAIR VALUE MEASUREMENTS AND DISCLOSURES - OVERALL ("ASC 820-10") with respect to its financial assets and liabilities. In February 2008, the FASB issued updated guidance related to fair value measurements, which is included in the Codification in ASC 820-10-55, FAIR VALUE MEASUREMENTS AND DISCLOSURES - OVERALL - IMPLEMENTATION GUIDANCE AND ILLUSTRATIONS. The updated guidance provided a one year deferral of the effective date of ASC 820-10 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. Therefore, the Company adopted the provisions of ASC 820-10 for non-financial assets and non-financial liabilities effective January 1, 2009, and such adoption did not have a material impact on the Company's results of operations or financial condition.

Effective April 1, 2009, the Company adopted FASB ASC 820-10-65, FAIR VALUE MEASUREMENTS AND DISCLOSURES - OVERALL - TRANSITION AND OPEN EFFECTIVE DATE INFORMATION ("ASC 820-10-65"). ASC 820-10-65 provides additional guidance for estimating fair value in accordance with ASC 820-10 when the volume and level of activity for an asset or liability have significantly decreased. ASC 820-10-65 also includes guidance on identifying circumstances that indicate a transaction is not orderly. The adoption of ASC 820-10-65 did not have an impact on the Company's results of operations or financial condition.

Effective April 1, 2009, the Company adopted FASB ASC 825-10-65, FINANCIAL INSTRUMENTS - OVERALL - TRANSITION AND OPEN EFFECTIVE DATE INFORMATION ("ASC 825-10-65"). ASC 825-10-65 amends ASC 825-10 to require disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements and also amends ASC 270-10 to require those disclosures in all interim financial statements. The adoption of ASC 825-10-65 did not have a material impact on the Company's results of operations or financial condition.

Effective January 1, 2008, the Company adopted FASB ASC 820-10, FAIR VALUE MEASUREMENTS AND DISCLOSURES - OVERALL ("ASC 820-10") with respect to its financial assets and liabilities. In February 2008, the FASB issued updated guidance related to fair value measurements, which is included in the Codification in ASC 820-10-55, FAIR VALUE MEASUREMENTS AND DISCLOSURES - OVERALL - IMPLEMENTATION GUIDANCE AND ILLUSTRATIONS. The updated guidance provided a one year deferral of the effective date of ASC 820-10 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. Therefore, the Company adopted the provisions of ASC 820-10 for non-financial assets and non-financial liabilities effective January 1, 2009, and such adoption did not have a material impact on the Company's results of operations or financial condition.

Effective April 1, 2009, the Company adopted FASB ASC 820-10-65, FAIR VALUE MEASUREMENTS AND DISCLOSURES - OVERALL - TRANSITION AND OPEN EFFECTIVE DATE INFORMATION ("ASC 820-10-65"). ASC 820-10-65 provides additional guidance for estimating fair value in accordance with ASC 820-10 when the volume and level of activity for an asset or liability have significantly decreased. ASC 820-10-65 also includes guidance on identifying circumstances that indicate a transaction is not orderly. The adoption of ASC 820-10-65 did not have an impact on the Company's results of operations or financial condition.

Effective April 1, 2009, the Company adopted FASB ASC 825-10-65, FINANCIAL INSTRUMENTS - OVERALL - TRANSITION AND OPEN EFFECTIVE DATE INFORMATION ("ASC 825-10-65"). ASC 825-10-65 amends ASC 825-10 to require disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements and also amends ASC 270-10 to require those disclosures in all interim financial statements. The adoption of ASC 825-10-65 did not have a material impact on the Company's results of operations or financial condition.

Effective April 1, 2009, the Company adopted FASB ASC 855-10, SUBSEQUENT EVENTS - OVERALL ("ASC 855-10"). ASC 855-10 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date - that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. Adoption of ASC 855-10 did not have a material impact on the Company's consolidated results of operations or financial condition. The Company has evaluated subsequent events through September 30, 2009, to the date the financial statements were issued.

Effective July 1, 2009, the Company adopted FASB ASU No. 2009-05, FAIR VALUE MEASUREMENTS AND DISCLOSURES (TOPIC 820) ("ASU 2009-05"). ASU 2009-05 provided amendments to ASC 820-10, FAIR VALUE MEASUREMENTS AND DISCLOSURES - OVERALL, for the fair value measurement of liabilities. ASU 2009-05 provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using certain techniques. ASU 2009-05 also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of a liability. ASU 2009-05 also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. Adoption of ASU 2009-05 did not have a material impact on the Company's results of operations or financial condition.

In October 2009, the FASB issued ASU 2009-13, MULTIPLE-DELIVERABLE REVENUE ARRANGEMENTS, (amendments to FASB ASC Topic 605, REVENUE RECOGNITION) ("ASU 2009-13") and ASU 2009-14, CERTAIN ARRANGEMENTS THAT INCLUDE SOFTWARE ELEMENTS,(amendments to FASB ASC Topic 985, SOFTWARE) ("ASU 2009-14"). ASU 2009-13 requires entities to allocate revenue in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. The amendments eliminate the residual method of revenue allocation and require revenue to be allocated using the relative selling price method. ASU 2009-14 removes tangible products from the scope of software revenue guidance and provides guidance on determining whether software deliverables in an arrangement that includes a tangible product are covered by the scope of the software revenue guidance. ASU 2009-13 and ASU 2009-14 should be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. The Company does not expect adoption of ASU 2009-13 or ASU 2009-14 to have a material impact on the Company's results of operations or financial condition.

FASB ASC 855, Subsequent Events ("ASC 855" and formerly referred to as FAS-165), modified the subsequent event guidance. The three modifications to the subsequent events guidance are: 1) To name the two types of subsequent events either as recognized or non-recognized subsequent events, 2) To modify the definition of subsequent events to refer to events or transactions that occur after the balance sheet date, but before the financial statement are issued or available to be issued and 3) To require entities to disclose the date through which an entity has evaluated subsequent events and the basis for that date, i.e. whether that date represents the date the financial statements were issued or were available to be issued. This guidance is effective for interim or annual financial periods ending after June 15, 2009, and should be applied prospectively.

FASB ASC 105, Generally Accepted Accounting Principles ("ASC 105" and formerly referred to as FAS 168) establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. ASC 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Principles of Consolidation

The consolidated financial statements include the financial statements of Amaru, Inc. and its majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. In addition, the Company evaluates its relationships with other entities to identify whether they are variable interest entities as defined by ASC 860 R) Consolidation of Variable Interest Entities ("FIN 46R") and to assess whether it is the primary beneficiary of such entities. If the determination is made that the Company is the primary beneficiary, then that entity is included in the consolidated financial statements in accordance with FIN 46(R).

2.2 Use of Estimates

The preparation of the consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include carrying amount of property and equipment, intangibles, valuation allowances of receivables and inventories. 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.

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AMARU, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2009 AND 2008

2.3 Cash and Cash Equivalents

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.

Cash in banks and short-term deposits are held to maturity and are carried at cost. For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

2.4 Accounts Receivable

Accounts receivable, which generally have 30 to 90 day terms, are recorded at the invoiced amount less an allowance for any uncollectible amounts (if any) and do not bear interest. Amounts collected on accounts receivable are included in net cash provided by operating activities in the consolidated statements of cash flows. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Bad debts are written off as incurred. The Company does not have any off-balance sheet credit exposure related to its customers.

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

2.5 Inventories

Inventories are carried at the lower of cost or and net realizable value. Cost is calculated using first-in, first-out ("FIFO") method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories comprised primarily of finished products used in the Company's IPTV service. As at September 30,, 2009, the net inventories amount is $642,268 after written off of $457,500 during the year ended December 31, 2008.

2.6 Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Expenditures for major renewals and betterments that extend the useful lives are capitalized. Expenditures for normal maintenance and repairs are expensed as incurred. The cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the accompanying consolidated statement of income of the respective period. The estimated useful lives of the assets range from 3 to 5 years.

2.7 Intangible Assets

Intangible assets consist of film library, gaming and software licence and product development costs. Intangible assets which were purchased and have indefinite lives are stated at cost less impairment losses and are tested for impairment at least annually in accordance with the provisions of FASB Statement No. 142, Goodwill and Other Intangible Assets.

Intangible assets which were purchased for a specific period are stated at cost less accumulated amortization and impairment losses. Such intangible assets are reviewed for impairment in accordance with FASB Statement No. 144, Accounting for Impairment or Disposal of Long-Lived Assets. Such intangible assets are amortized over the period of the contract, which is 2 to 18 years.

The film library, which are classified as indefinite lives, relate to film library rights that are acquired for perpetuity by the Company. The film library, which are classified as having definite lives, relate to film library rights that are generally acquired for one to ten years by the Company.

2.8 Investments

The Company classifies its investments in marketable equity and debt securities as "available-for-sale", "held to maturity" or "trading" at the time of purchase in accordance with the provisions ASC 320. Equity securities held for trading as of September 30, 2009 totaled $452,626 and December 31, 2008 totaled $179,620. The changes relate to fair value adjustments of $273,006 for the nine months ended September 30, 2009 and $2,744,380 for the year ended December 31, 2008.

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

Available-for-sale securities that are not publicly traded or have resale restrictions greater than one year are accounted for at cost. The Company's cost method investments include companies involved in the broadband and entertainment industry. The Company uses available qualitative and quantitative information to evaluate all cost method investment impairments at least annually.

2.9 Valuation of Long-Lived Assets

The Company evaluates the carrying value of long-lived assets to be held and used, other than intangible assets with indefinite lives, when events or circumstances warrant such a review. No impairment losses were recorded for the years ended December 31, 2008 and 2007.

2.10 Fair Value

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Company manages such investments and makes purchase and sales decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the income statement.

Financial assets recorded at fair value on the Consolidated Balance Sheets are categorized as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities, as applicable, that the reporting entity has the ability to access at the measurement date.

Level 2: Quoted prices in markets, other than quoted prices included in Level 1, that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability, as applicable, Level 2 inputs include the following:

a) Quoted prices for similar assets or liabilities in active markets;

b) Quoted prices for identical or similar assets or liabilities in non-active markets;

c) Inputs other than quoted market prices which are observable for the asset or liability; and

d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Prices or valuation techniques that require inputs which are both unobservable and significant to the overall fair value measurement of the asset or liability, as applicable. They may reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

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The following table shows how our investments are categorized.

Fair Value Measurement at September 30, 2009 using:

Description	Prices or Fair Value Measurements at September 30, 2009 ($)	Quoted Prices in Active Markets (Level 1) ($)	V T

Equity Securities Held for Trading	$ 452,626	$452,626
Investments Available for Sale - Current	2,602,613	--
Investments Available for Sale - Non Current	616,136	--
	$ 3,671,375	$452,626

The Company's cash and cash equivalents is classified within Level 1 of the fair value hierarchy because it is valued using quoted market prices. The cash instrument is included in current assets in the accompanying consolidated balance sheets.

The Company's equity securities held for trading consists primarily of shares held for sale and is classified within Level 1 of the fair value hierarchy because it is valued using quoted market prices. The cash instrument is included in current assets in the accompanying consolidated balance sheets.

The Company's investments available for sale are valued using pricing models and the Company generally uses similar models to value similar instruments. Where possible, the Company verifies the values produced by its pricing models to market prices. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit spreads, measures of volatility and correlations of such inputs. These financial liabilities do not trade in liquid markets, and as such, model inputs cannot generally be verified and do involve significant management judgment. Such instruments are typically classified within Level 3 of the fair value hierarchy.

The table below sets forth a summary of changes in the fair value of the Company's Level 3 financial assets (Investments Available for Sale) for the period ended September 30, 2009.

	For the nine months ended September 30, 2009
Balance at the beginning of the period	$ 3,018,749
Addition acquisition costs	200,000
Balance at the end of the period	3,218,749

The Company adopted the provisions of ASC 825-10 prospectively effective as of the beginning of Fiscal 2008. For financial assets and liabilities included within the scope of ASC 825-10, the Company will be required to adopt the provisions of ASC 825-10 prospectively as of the beginning of Fiscal 2009. The adoption of ASC 825-10 did not have a material impact onour consolidated financial position of results of operations.

2.11 Advances from Related Party

Advances from director and related party of $48,681 at December 31, 2008 are unsecured, non-interest bearing and payable on demand. As at September 30, 2009, the amount is NIL.

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2.12 Leases

The Company is the lessee of equipment under a capital lease expiring in 2014. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over the lower of their related lease terms or their estimated productive lives. Amortization of assets under capital leases is included in depreciation expense for the quarter ended September 30, 2009 and 2008.

On November 1, 2007, the Company sub-leased the office premises of M2B World Inc, a wholly owned subsidiary of the Company in Los Angeles, California as part of its efforts to streamline its operations and reduce operating costs.

2.13 Foreign Currency Translation

Transactions in foreign currencies are measured and recorded in the functional currency, U.S. dollars, using the Company's prevailing month exchange rate. The Company's reporting currency is also in U.S. dollars. At the balance sheet date, recorded monetary balances that are denominated in a foreign currency are adjusted to reflect the rate at the balance sheet date and the income statement accounts using the average exchange rates throughout the period. Translation gains and losses are recorded in stockholders' equity as other Comprehensive income and realized gains and losses from foreign currency transactions are reflected in operations.

2.14 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. Licensing and content syndication revenue is recognized when the license period begins, and the contents are available for exploitation by customer, pursuant to the terms of the license agreement. Gaming revenue is recognized as earned net of winnings. E-commerce commissions are recognized as received. Broadband consulting services and on-line turnkey solutions revenue are recognized as earned.

Revenue comprises the fiar value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from broadband consulting services and on-line turnkey solutions is recognized over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed. It is generally recognized from the date of acceptance and fulfillment of obligations under the sale and purchase agreement.

Gaming revenue from our digit games recognized and reported is generally defined as the win from the digit games activities, that is, the difference between gaming wins and losses, not the total amount wagered. Gaming revenue is recognized net of winnings. There were no digit gaming revenues recognized for the nine months ended September 30, 2009. The digit game operations has been suspended. See note 15.

2.15 Costs of Services

The cost of services pertaining to advertising and sponsorship revenue and subscription and related services are cost of bandwidth charges, channel design and alteration, copyright licensing, and hardware hosting and maintenance costs. The cost of services pertaining to E-commerce revenue is channel design and alteration, and hardware hosting and maintenance costs. The cost of services pertaining to gaming is for managing and operating the operations and gaming centers. All these costs are accounted for in the period its was incurred. The license and operations has been suspended. See Note 15.

2.16 Income Taxes

Deferred income taxes are determined using the liability method in accordance with ASC740, Accounting for Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income taxes are measured using enacted tax rates expected to apply to taxable income in years in which such temporary differences are expected to be recovered or settled. The effect on deferred income taxes of a change in tax rates is recognized in the statement of income of the period that includes the enactment date. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

The Company adopted ASC 740, "Accounting for Uncertainty in Income Taxes." ASC 740 defines the confidence level that a tax position must meet in order to be recognized in the financial statements. The Interpretation requires that the tax effects of a position be recognized only if it is "more-likely-than-not" to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold represents a positive assertion by management that a company is entitled to the economic benefits of a tax position, If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits. No benefits of the tax position are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. With the adoption of ASC 740, companies are required to adjust their financial statements to reflect only those tax positions that are more-likely-than-not to be sustained. Any necessary adjustment would be recorded directly to retained earnings and reported as a change in accounting principle.

Upon adoption of ASC 740, the Company had no gross unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. At December 31, 2007 the amount of gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective income tax rate in future periods after valuation allowances were $0. These amounts consider the guidance in ASC 740, "Definition of Settlement in ASC 740.The Company has not accrued any additional interest or penalties as a result of the adoption of ASC 740.

The Company files income tax returns in the United States federal jurisdiction and certain states in the United States and certain other foreign jurisdictions. With a few exceptions, the Company is no longer subject to U. S. federal, state or foreign income tax examination by tax authorities on income tax returns filed before December 31, 2004. U. S. federal. State and foreign income returns filed for years after December 31, 2004 are considered open tax years as of the date of these consolidated financial statements. No income tax returns are currently under examination by any tax authorities.

2.17 Earnings (Loss) Per Share

The Company has adopted Accounting Standards Codfication subpart 260-10 "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.

2.18 Financial Instruments

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

2.19 Advertising

The cost of advertising is expensed as incurred. For the nine months ended September 30, 2009 and 2008, the Company incurred advertising expenses of $145,809 and $67,863 respectively.

3. EQUITY SECURITIES HELD FOR TRADING

	September 30, 2009	December 31, 2008
Quoted equity security, at fair value	$ 452,626	$ 179,620

The fair value of quoted security is based on the quoted closing market price on the date of Sale and Purchase agreement. The investment in quoted equity security at fair value includes an unrealized gain of US$273,006.

The investments in quoted equity securities comprised of 34,000,000 common shares of PT Agis at the market value of US$ 0.013312 per share as of September 30, 2009 and 34,000,000 common shares of PT Agis at the market value of US$ 0.00528 per share as of December 31, 2008.

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

4. OTHER CURRENT ASSETS

Other current assets consist of the following:

	SEPTEMBER 30, 2009	DECEMBER 31, 2008
Prepayments	$ 47,578	$ 70,108
Deposits	144,220	69,995
Other receivables	39,143	90,190
	$230,941	$230,293

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5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	SEPTEMBER 30, 2009	DECEMBER 31, 2008
Office equipment	$ 1,023,788	$ 1,004,504
Motor vehicle	91,190	91,190
Furniture, fixture and fittings	87,082	313,208
Pony set-top boxes	843,946	843,946
	2,046,006	2,252,848
Accumulated depreciation	(1,311,986)	(1,219,342)
	$ 734,020	$ 1,033,506

Depreciation expense was $356,566 for the nine months ended September 30, 2009 and $504,813 for the nine months ended September 30, 2008.

6. INTANGIBLE ASSETS

Intangible assets consist of the following:

	SEPTEMBER 30, 2009	DECEMBER 31, 2008
INDEFINITE LIVES		
Film library	$ 17,765,818	$ 17,763,716
	17,765,818	17,763,716
DEFINITE USEFUL LIVES		
Film library	5,408,015	5,400,410
Gaming license	7,090,000	7,090,000
Product development expenditures	719,220	719,220
Software license	12,649	12,649
	13,229,884	13,222,279
Accumulated amortization	(6,859,818)	(6,351,162)
	6,370,066	6,871,117
	$ 24,135,884	$ 24,634,833
Impairment loss	(3,762,777)	(3,762,777)
	$ 20,373,107	$ 20,872,056

Amortization expense was $508,656 for the nine months ended September 30, 2009 and $872,105 for the nine months ended September 30, 2008.

Intangible assets purchased and have indefinite lives are stated at cost less impairment losses are tested for impairment at least annually in accordance with the provisions of FASB Statement No. 142, Goodwill and Other Intangible Assets.

FILM LIBRARY WITH INDEFINITE LIVES

Intangible assets of the Company which have been classified as having indefinite useful lives relate to film library rights acquired for perpetuity by the Company.

Film costs are stated at the lower of estimated net realizable value determined on an individual film basis, or cost. Film costs represent the acquisition of film rights for cash.

The Company maintains distribution rights to these films for which it has no financial obligations to third parties.

The Company is currently directing all its time and efforts towards building its broadband business.

The Company evaluates the recoverability of its long lived assets in accordance with the provisions of ASC 350 "Goodwill and the Intangible Assets," in which intangible assets purchased and which have indefinite lives are stated at cost less impairment losses and are tested for impairment at least annually.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The use of a discounted cash flow model often involves the use of significant estimates and assumptions. Estimates are based upon assumptions about future demand and market conditions and can vary significantly. When necessary, the Company uses internal cash flow estimates, quoted market prices or appraisals, as appropriate, to determine fair value. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

The estimation of fair value is in accordance with ASC 926, Accounting by Producers and Distributors of Film. Actual results may differ from estimates and as a result the estimation of fair values may be adjusted in the future.

Valuations were performed on May 15, 2009 for the assessments of impairment of the Company's 100% ownership of the film library, which reflected a higher value from its cost. The methods of valuation used by the Company consisted of a discounted cash flow model, as well as sales transactions comparison method and market earnings/multiples method. Based on careful analysis of information available, the estimation for the investment value of the film library currently ranges from $203 million to $340 million.

ASSETS WITH DEFINITE USEFUL LIVES

Intangible assets which were purchased for a specific period are stated at cost less accumulated amortization and impairment losses. Such intangible assets are reviewed for impairment in accordance with ASC 350, Accounting for Impairment or Disposal of Long-Lived Assets. Such intangible assets are amortized over the period of the contract, which is 2 to 18 years.

Included in the gaming license are the rights to a digit games license in Cambodia. The license is for a minimum period of 18 years commencing from June 1, 2005, with an option to extend for a further 5 years or such other period as may be mutually agreed. The license and operations has been suspended. See Note 15.

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7. INVESTMENTS AVAILABLE-FOR-SALE

Investments available-for-sale consist of the following:

	SEPTEMBER 30, 2009	DECEMBER 31, 2008
Non Current :		
Quoted equity securities	$ --	$ --
Unquoted equity securities	616,136	616,136
	$ 616,136	$ 616,136
Current :		
Unquoted equity securities	2,602,613	2,402,613
	$3,218,749	$3,018,749

The unquoted equity securities classified as available-for-sale, with a carrying value of $3,218,749 as of September 30, 2009 and $3,018,749 as of December 31, 2008, are measured at cost less impairment losses as there is no quoted market price in an active market and other methods of determining fair value do not result in a reasonable estimate.

The Company explores other alternatives and considers using other valuation techniques to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties. However, as the key investments held by the Company operate in Singapore, there are no established markets in Singapore for similar investments for the Company to obtain comparables and observable data to carry out a reliable fair valuation.

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8. COMMITMENTS

As of the balance sheet date, the Group has the following capital commitments:

	SEPTEMBER 30, 2009	DECEMBER 31, 2008
CAPITAL COMMITMENTS:		

Contracted but not provided for		
Film library	$ 108,000	$ 111,687
Set-top boxes	2,074,825	2,074,825
Contents	--	110,171
	$2,182,825	$2,296,683

Capital Leases

The following summarizes the Company's capital lease obligations at September 30, 2009:

	2009	2008
Future minimum lease payments	$ 60,207	$ 69,140
Less: amounts representing interest	(10,014)	(11,500)
Present value of net minimum lease payments	50,193	57,640
Less: current portion	(10,952)	(10,809)
	$ 39,241	$ 46,831

The Company is the lessee of equipment under capital leases expiring in various years through 2014. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense for 2009 and 2008. Interest rates on capitalized leases is fixed at 2.85%.

Operating Leases

The Company leases facilities and equipment under operating leases expiring through 2012. Total rental expense on operating leases for the nine months ended September 30, 2009 and 2008 was $65,504 and $196,412, respectively. As of September 30, 2009, the future minimum lease payments are as follows:

For the Quarter Ended September 30,	Operating	Capital
2009	25,712	10,952
2010	103,427	10,952
2011	99,648	10,952
2012	58,023	17,337

	286,810	50,193
	========	========

9. LOAN AND BORROWINGS

	SEPTEMBER 30, 2009	DECEMBER 31, 2008
Non-current		
Convertible loan	$2,500,000	$2,500,000
Less: Future interest charges	$ (98,454)	$ (192,204)
	$2,401,546	$2,307,796

Term loans held by the Company at balance sheet date are as follows:

(a) $2,500,000 represents a two years convertible loan drawn down by a subsidiary company. It bears interest at a fixed rate of 5.0% per annum. The loan allows the borrower the option to convert the loan into shares of the subsidiary company at the issue price of $0.942 per share at the end of the two years period. The loan commences in July 2008 and will mature in June 2010.

10. INCOME TAXES

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

The Company had available approximately $7,066,322 of unused U.S. net operating loss carry-forwards at September 30, 2009, that may be applied against future taxable income. These net operating loss carry-forwards expire for U.S. income tax purposes beginning in 2026. There is no assurance 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. As of June 30, 2009 the Company maintained a valuation allowance for the U.S. deferred tax asset due to uncertainties as to the amount of the taxable income from U.S. operations that will be realized.

The Company had available approximately $6,130,125 of unused Singapore tax losses and capital allowance carry-forwards at September 30, 2009, that may be applied against future Singapore taxable income indefinitely provided the company satisfies the shareholdings test for carry-forward of tax losses and capital allowances.

11. SEGMENT REPORTING

The Company classifies its business into reportable segments. The segments consists principally of entertainment and digit gaming. Information as to the operations of the Company in each of its business segments is set forth below based on the nature of the products and services offered.

The Company has provided a summary of operating income by segment. The accounting policies of the business segments are the same as those described in the summary of significant accounting policies in Note 2.

2009	ENTERTAINMENT	DIGIT GAMING	OTHER	
Revenues from external customers	$ 39,900	$ --	$ --	$
Interest revenue	$ 120	$ --	$ --	$
Interest expenses	$ 95,332	$ --	$ --	$
Depreciation and amortization	$ 865,222	$ --	$ --	$
Segment loss	$(11,482,513)	$ (24,109)	$ --	$(1
Segment assets	$ 23,280,210	$ 2,609,244	$ 276,228	$ 2
Expenditures for segment assets	$ 83,394	$ --	$ --	$

Reconciliation:-

REVENUES	
Total revenues for reportable segments	$ 39,900
Other revenue	--
Total consolidated revenues	$ 39,900
INTEREST REVENUE	
Total interest revenue for reportable segments	$ 120
Corporate interest revenue	--
Total consolidated interest revenue	$ 120
INTEREST EXPENSES	
Total interest revenue for reportable segments	$ 95,332
Corporate interest revenue	--
Total consolidated interest expenses	$ 95,332
PROFIT OR LOSS	
Total (loss) for reportable segments	$(11,506,622)
Corporate loss	(264,941)
Gain on valuation of held for trading investment	273,006
Loss before income tax	$(11,498,557)

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ASSETS	
Total assets for reportable segments	$25,889,454
Other assets	$ 276,228
Total consolidated assets	$26,165,682
EXPENDITURES FOR SEGMENT ASSETS	
Total expenditures for assets for reportable segments	$ 83,394

2008	ENTERTAINMENT	DIGIT GAMING	OTHER	
Revenues from external customers	$ 55,568	$ --	$ --	$
Interest revenue	$ 12,368	$ --	$ --	$
Interest expenses	$ 28,218	$ --	$ --	$
Depreciation and amortization	$ 1,153,001	$ 223,917	$ --	$
Segment profit (loss)	$ (3,002,843)	$ (1,101,650)	$ --	$ (
Segment assets	$ 46,585,909	$ 6,281,959	$ 2,330	$ 5
Expenditures for segment assets	$ 88,753	$ --	$ --	$

Reconciliation:-

REVENUES	
Total revenues for reportable segments	$ 55,568
Other revenue	--
Total consolidated revenues	$ 55,568
INTEREST REVENUE	
Total interest revenue for reportable segments	$ 12,368
Corporate interest revenue	--
Total consolidated interest revenue	$ 12,368
INTEREST EXPENSES	
Total interest revenue for reportable segments	$ 28,218
Corporate interest revenue	--
Total consolidated interest expenses	$ 28,218
PROFIT OR LOSS	
Total (loss) for reportable segments	$(4,104,493)
Corporate loss	(261,313)
Loss on disposal of investment available for sale	(465,888)
Loss on valuation of held for trading investment	(1,825,000)
Share of loss of associate	(18,173)
Loss before income tax	$(6,674,867)

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ASSETS	
Total assets for reportable segments	$52,867,868
Other assets	$ 2,330
Total consolidated assets	$52,870,198
EXPENDITURES FOR SEGMENT ASSETS	
Total expenditures for assets for reportable segments	$ 88,753

Following table presents revenues earned from customers located in different geographic areas. Property and equipment is grouped by its location.

2009	ASIA PACIFIC	UNITED STATES	OTHER	TOTAL
Revenues from external customers	$ 39,900	$ --	$ --	$ 39,900
Property and equipment, net	$627,714	$ 10,906	$ 95,400	$734,020

2008	ASIA PACIFIC	UNITED STATES	OTHER	TOTAL
Revenues from external customers	$ 55,568	$ --	$ --	$ 55,568
Property and equipment, net	$1,063,383	$ 133,350	$ 95,400	$1,292,133

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

	FOR THE NINE MONTHS ENDED	
	SEPTEMBER 30, 2009	SEPTEMBER 30, 2008
Sales outside of the U.S.	$ 39,900	$ 55,568
Services purchased outside of the U.S.	$170,578	$311,282

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12. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangements are with the related party and the effect of these on the basis determined between the party is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the period, the Group entered into the following transactions with the associate:

	SEPTEMBER 30, 2009	SEPTEMBER 30, 2008
Associate:		
Marketing	$ --	$ --
Professional fee	$ 1,548	$ --

13. SALE OF IPTV PLATFORM

In April 2007 the Company through its subsidiary M2B World Holdings Limited entered into an agreement to sell its IPTV platform to a company in Indonesia (buyer) for $14,500,000. The total amount of the consideration was to be received in shares of the buyer and a 50% share of a newly incorporated entity. To date the Company has received $5,000,000 comprising of $1,000,000 in cash, and $4,000,000 in publicly-traded securities. The balance outstanding receivable of $9,500,000 is included as "Receivable from sale of IPTV platform" at June 30, 2009 and December 31, 2008, respectively, which comprises of two portions: the first portion of $2 million to be settled fully in cash of the buyer, and the other portion of $7,500,000 to be invested in the form of joint venture with the buyer as stated in the sale agreement.

On December 15, 2008, M2B World Holdings entered into a further agreement with PT Agis TBK ("Agis") to set up a Joint Venture Company to launch WOWtv in Indonesia. The agreement with Agis would give M2B World Holdings a 49 percent equity stake in the Joint Venture Company called PT WOW Television The Joint Venture Company, PT WOW Television has been incorporated in Indonesia. The WOWtv site targeting Indonesia audience is currently being implemented. In accordance with the agreement, the JV company is expected to be capitalized and go into operations by July 2009.

Up to the second quarter, we were confident of resolving the matter of the investment and the receivables. In our reply to the SEC on October 13, 2009, we indicated that the matter could be resolved by mid November 2009. We had discussions with Agis management in July 2009 to complete the transaction. We were informed by Agis Management that the issue of the payment and the shares would require a valuation for the Indonesian Authorities. Agis indicated that in the absence of any valuation, the JV Company would not be able to show proof to the government of the content value to be injected as capital.

While we are moving forward with the transaction, we are unable to complete the valuation in November 2009. While negotiations are ongoing, there is the possibility that we would not be able to collect the receivables in the coming months. We think that the transaction may completed in six to nine months, which by that time, we will seek to recognize the receivables in our accounts as a recovery. Therefore management has decided to allow for the total outstanding receivable of $9,500,000 which was included in the "Receivable from sale of IPTV platform" as of September 30, 2009.

14. PURCHASE OF CBBN HOLDINGS LIMITED

The Company through its wholly owned subsidiary, Tremax International Limited, entered into a sale and purchase agreement dated July 10, 2007 with Domaine Group Limited which has not yet been consummated. Per the agreement the Company through its wholly owned subsidiary, Tremax International Limited would transfer 5,333,333 shares of the Company valued at $3,733,333 which is included as "Prepayment on purchase" at June 30, 2008 and December 31, 2007, respectively, in exchange for Domaine Group Limited transferring its 100% shares in CBBN Holdings Limited, a company incorporated in the British Virgin Islands. The transaction has not been consummated and the agreement had expired and was not extended. The Management of the Company had decided not to proceed with this agreement.

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

15. IMPAIRMENT OF DIGIT GAMES LICENSE

On March 25, 2009, the Company was officially notified that the digit games were suspended by the Cambodia Government as part of the suspension of all lotteries in Cambodia. It cannot be determined at this time whether the suspension of the digit games is temporary or permanent, though the Government of Cambodia is currently closing the gaming business by the order of its Ministry of Economy and Finance. Due to the lack of access to the digit game operations, the digit games lottery operations resulting from the holding of the digit games lottery license were impaired as of December 31, 2008, and no revenues were received as of 31 March, 2009 since the Company's recognition criteria related to the associated revenues were not met.

16. LEGAL PROCEEDINGS

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

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

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

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

17. CAPITAL STOCK

Common stock issued for cash

From August 20, 2009 to September 18, 2009, the Company issued 9,257,640 shares of common stock through a private placement at a price of $0.10 per share for a total amount of $925,764.

18. SUBSEQUENT EVENTS

The Company commenced a private placement to accredited investors pursuant to the Regulation D as promulgated under the Securities Act of 1933 up to $100,000, and that the closing of the placement was on or about November 6, 2009. The total amount sold at the time of filing of this Form 10-Q is $100,000 for 1,000,000 shares. The price per share in the offering is at USD 0.10.

On October 16, 2009, the Company signed an agreement with Admax Network Holdings Limited "Admax") for the display of advertising banners on WOWtv websites. The revenue share arrangement with Admax allows the Company to have 60% share of the advertising revenue and provide new revenue sources in Asia.

On November 2, 2009, the Company entered into an agreement with Cyberventures Sdn Bhd, ("Cyberventures"), and MOL Media Sdn Bhd.,("MOL Media"), both companies incorporated in Malaysia to launch the WOWtv services and content in Malaysia. M2B shall assign the rights of the content library for Malaysia on a non-exclusive basis for use on the IPTV, web and mobile platforms to MOL Media for use in Malaysia and the Friendster Community, for a fee of USD 4.5 million payable in the shares of MOL Media. M2B intends to carry out an independent valuation of the content library assigned to MOL Media on an annual basis. The Agreement further provides that MOL Media and M2B shall endeavor to raise USD 500,000 in new offering for MOL Media to develop the business on the IPTV, mobile and web platforms in Malaysia. This new funding shall be raised at at the same rate as the new shares to be issued to M2B. This fund raising shall precede the issue of the new shares to M2B, which makes it a condition that has to be met before M2B receives the new shares. The Company expects that the agreement with MOL Media should grow the Company's brand and its content, and contribute to the Company's revenues.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS 0F FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PRELIMINARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

General

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

The Company is also in the business of digit gaming (lottery). The Company has an 18 years license to conduct nation wide lottery in Cambodia. The Company through its subsidiary, M2B Commerce Limited, signed an agreement with Allsports Limited, a British Virgin Islands company to operate and conduct digit games in Cambodia and to manage the digit games activities in Cambodia. On March 25, 2009, the Company was notified that the digit games were suspended by the Cambodia Government as part of the suspension of all lotteries in Cambodia. It cannot be determined at this time whether the suspension of the digit games is temporary or permanent, though the Government of Cambodia is currently closing the gaming business by the order of its Ministry of Economy and Finance.

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

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OVERVIEW

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

For the broadband, the Company delivers both wire and wireless solutions, streaming via computers, TV sets, PDAs and 3G hand phones. 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's business model in the area of broadband entertainment includes e-services, which would provide the Company with multiple streams of revenue. Such revenues would be derived from advertising and branding (channel and program sponsorship); on-line subscriptions; online games micro-payments; channel/portal development (digital programming services); content aggregation and syndication; broadband consulting services; on-line shopping turnkey solutions; broadband hosting and streaming services; E-commerce commissions and on-line dealerships; and digit game operations.

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

M2B WORLD PTE. LTD.

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

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

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

M2B WORLD, INC.

M2B World, Inc., a California corporation, was incorporated on January 24, 2005. This subsidiary handles and oversees the Company's business in the U.S. The Company has leased a new office on Sunset Boulevard, West Hollywood that came into effect in August 2006, which offices are currently being subleased (see below). In October 2007, M2B World Inc reduced its staffing and in November 2007 sub-leased its premise as part of the Company's cost reduction measures.

On May 27, 2005, M2B World, Inc. entered into an agreement with Indie Vision Films, Inc., a California corporation, to purchase 20% of the beneficial ownership of Indie Vision Films, Inc. The investment will allow M2B World, Inc.to access the library of programs of Indie Vision Films, Inc. The Company is currently into negotiations with Indie Vision Films, Inc to convert its investment into content rights, thereby giving up its 20% share of beneficial ownership in lieu of library rights that the Company could exploit commercially for international use. As of the date of this report, the Company had received the list of content titles from Indie Vision Films, Inc for evaluation and selection in order to convert its investment into content rights.

On November 1, 2007, the Company sub-leased the office premises of M2B World Inc, a wholly owned subsidiary of the Company in Los Angeles, California as part of its efforts to streamline its operations and reduce operating costs. The staffing of M2B World Inc was also reduced from 9 staff to 1 staff as of October 31, 2007, and remains as 1 staff as of the date of this report. The company has transferred its server farm to the Singapore server farm to, optimize bandwidth and support cost.

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M2B WORLD ASIA PACIFIC PTE. LTD.

M2B World Asia Pacific Pte Ltd was incorporated in the Republic of Singapore on 1 August 2006 for the purposes of handling all the business operations of the Company in the Asia Pacific region. This company had taken over the Asian business operations as well as the assets and liabilities of M2B World Pte. Ltd. with effect from September 1, 2006.

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

On July 8, 2008, M2B World Asia Pacific Pte Ltd signed a two year convertible loan agreement with a third party to raise $2,500,000 in funding. The loan allows the borrower to convert the loan into shares of the Company at the issue price of $0.942 per share at the end of the two years period. The loan bears an interest rate of 5.0% per annum, and will mature in June 2010. The note was obtained from a company in which a board of director is the Joint Company Secretary of the lender.

M2B COMMERCE LIMITED

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

The Company has an agreement with Allsports Limited, a British Virgin Islands company to operate, administer, and manage the lottery digit game activities in Cambodia, as an extension of the Company's entertainment operations. On March 25, 2009, the Company was notified that the digit game were suspended by the Cambodia Government as part of the suspension of all lotteries in Cambodia. It cannot be determined at this time whether the suspension of the digit game is temporary or permanent, though the Government of Cambodia is currently closing the gaming business by the order of its Ministry of Economy and Finance.

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

M2B ENTERTAINMENT, INC.

M2B Entertainment, Inc. was incorporated on October 27, 2005. This subsidiary will oversee the Company's Canadian market. As of September 30 , 2009, this subsidiary is dormant.

M2B AUSTRALIA PTY LTD

M2B Australia Pty Ltd was incorporated on June 15, 2005. This subsidiary handles and oversees the Company's business in Australia. As of September 30, 2009 this subsidiary is dormant.

M2B WORLD TRAVEL SINGAPORE PTE. LTD.

M2B World Travel Singapore Pte Ltd was incorporated in the Republic of Singapore on March 7, 2006. This subsidiary of M2B World Travel Limited launches a global online travel platform which offers global e-travel services.

The Company has completed the development of an online travel engine and travel web applications for integration with suppliers of travel information and travel services; and incorporating travel features with current media operations under the M2B brand name.

M2B World Travel Limited signed a global agreement with Amadeus Global Travel Distribution, SA, a Spanish corporation. Through the agreement, the company will be able to offer direct access to the extensive range of travel options available through the Amadeus network to viewers around the world.

The company has entered into an agreement with Elleipsis, Inc to host the travel site and the travel software platform in the US with effect from June 30, 2008. The launch and operations of the travel service is subject to funding considerations, and there can be no guarantee that the service can be operational.

AMARU HOLDINGS LIMITED AND M2B WORLD HOLDINGS LIMITED

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

TREMAX INTERNATIONAL LIMITED AND M2B WORLD TRAVEL LIMITED

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

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

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

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RESULTS OF OPERATIONS

REVENUE

Financial Statements

- Revenue for the nine months ended September 30, 2009 was $39,900 compared with $55,568 for the same period in 2008.

- The Company's cash balance was $512,748 at September 30, 2009 compared with $1,484,945 at December 31, 2008.

Revenue

Revenue from entertainment for the nine months ended September 30, 2009 at $39,900 was lower than revenue of $55,568 for the nine months ended September 30, 2008 by $15,668 (28%). The lower revenues were mainly due to no new advertising or content syndication contracts being secured.

Cost of Services

Cost of services for the nine months ended September 30, 2009 was $170,578 which decreased by $173,740 (50%) from $344,318 for the nine months ended September 30, 2008.

As a proportion of revenue the cost of the services for the nine months ended September 30, 2009 was 428% (cost of sales at $170,578 and revenue of $39,900) as compared to 619% (cost of sales at $344,318 and revenue of $55,568) for the nine months ended September 30, 2008.

The decrease in cost of services of $173,740 (50%) was significant and was attributed to cost reduction measures to reduce operating costs.

DISTRIBUTION EXPENSES

Distribution expenses for the nine months ended September 30, 2009 at $9,850,432 were higher by $8,668,914 (734%) as compared to the amount of $1,181,518 incurred for the nine months ended September 30, 2008.

The higher distribution expenses were attributed to the write off of the outstanding balance of $9,500,000 receivables from sale of IPTV platform for the nine months ended September 30, 2009.

GENERAL AND ADMINISTRATIVE EXPENSES

Administration expenses for the nine months ended September 30, 2009 at $1,678,634 were lower by $1,203,993 (42 %) as compared to the amount of $2,882,627 incurred for the nine months ended September 30, 2008.

The decrease in administrative expenses for the nine months ended September 30, 2009 was attributed mainly to the decrease in:

- Depreciation and amortization. Equipment depreciation and license amortization had decreased by $511,696 (37 %), from $1,376,918 for the nine months ended September 30, 2008 to $ 865,222 for the nine months ended September 30, 2009. The decrease was mainly due to most of the intangible assets and equipment being fully amortized and written off during end of December 31, 2008.

- Legal and professional fees. Fees had decreased by $76,104 (30%), from $251,851 for the nine months ended June 30, 2008 to $175,747 for the nine months ended September 30, 2009. The decrease was mainly due as a result of costs reduction measures to reduce operating costs

- Staff costs. Staff costs had decreased by $399,986 (59%%), from $681,187 for the nine months ended September 30, 2008 to $281,201 for the nine months ended September 30, 2009. The decrease was mainly due as a result of costs reduction measures to reduce operating costs

LOSS (INCOME) FROM OPERATIONS

The Company incurred a loss from operations of $11,659,744 for the nine months ended September 30, 2009 as compared to the loss from operations of $4,352,895 for the nine months ended September 30, 2008 mainly due to the write off of the outstanding balance $9,500,000 receivables from sale of IPTV platform for the nine months ended September 30, 2009.

NET LOSS

Net loss for the nine months ended September 30, 2009, was $11,498,557 which increased by $5,781,740 (101%) from net loss of $5,716,817 for the nine months ended September 30, 2008. The increase was mainly due to the write off of the outstanding balance of $9,500,000 receivables from the sale of IPTV platform for the nine months ended September 30, 2009.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash at $512,748 at September 30, 2009 as compared to cash of

$1,484,945 at December 31, 2008.

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

During the nine months ended September 30, 2009, the Company had not entered into any transactions using derivative financial instruments or derivative comodity instruments. Accordingly the Company believes its exposure to market interest rate risk is not material.

The Company's intention in fiscal year 2009 is to raise additional funds through new equity placements with investors to fund its business, and the intended growth plans. To date, the Company has raised $1,025,764 in new funding. This new funding coupled with its cash as at December 31, 2008 should be able to cover operating expenses for the fiscal year 2009, and the Company is confident of raising additional funding for the next fiscal year.

The Company has taken steps in 2009 to contain its operating expenses through various cost reductions measures which include reductions in staff costs, legal and professional fees and cost of services.

The Company has entered into agreements with partners in China, Indonesia and Malaysia, for the rollout of WOWtv sites in these territories, and plans to enter into new agreements for other territories in the coming months. The Company plans in 2009 to expand its broadband coverage by launching new broadband sites in the Asia Pacific region. No assurance can be made that such plans will be carried out in a timely manner.

We expect that the broadband business segment would be able to generate sufficient cash to cover its operations by the middle of Year 2010 or earlier. Cash generated from operations meanwhile will not be able to cover the Company's intended growth and expansion. The Company intends to raise additional funds to fund its business expansion until its revenue generation is self sufficient to fund the business. However no assurances can be made that the Company will raise sufficient funds as planned.

NEW CONTRACTS

o On March 31, 2009, the Company signed an agreement with Beijing Baidu Network Science and Technology Co Ltd ("Baidu") to launch the WOWtv platform in China. The agreement was a strategic partnership with Baidu to provide content services to Baidu.com users.

o On April 17,2009, the Company signed a strategic cooperation agreement with LTDnetwork Inc. who owns the brand name and music site called QTRAX. QTRAX is the world's first free and legal peer-to-peer music service. Both parties agreed to look into areas to promote each other's site to increase internet traffic and to exploit each other's content.

o On August 1, 2009, the Company signed an agreement with MOL AccessPortal Berhad ("MOL") to launch the WOWtv content and services through MOL's distribution network and implement MOLepoints as the exclusive third party online micropayment solution for WOWtv content and services globally. The revenue share agreement with MOL allows the Company to have a 65% share of all payments for WOWtv's pay-per-view content transacted via the MOL distribution network and micropayment system.

- On October 16, 2009, the Company signed an agreement with Admax Network Holdings Limited("Admax"), one of the leading online advertising networks in South East Asia to include the Company's WOWtv sites in their advertising networks. Admax will pay the Company sixty percent (60%) of the amount due Admax Networks from advertisers for advertisements.

- On November 2, 2009, the Company entered into an agreement with Cyberventures Sdn Bhd, ("Cyberventures"), and MOL Media Sdn Bhd., ("MOL Media"), both companies incorporated in Malaysia to launch the WOWtv services and content in Malaysia. M2B shall assign the rights of the content library for Malaysia on a non-exclusive basis for use on the IPTV, web and mobile platforms to MOL Media for use in Malaysia and the Friendster Community, for a fee of USD 4.5 million payable in the shares of MOL Media. M2B intends to carry out an independent valuation of the content library assigned to MOL Media on an annual basis. The Agreement further provides that MOL Media and M2B shall endeavor to raise USD 500,000/- in new offering for MOL Media to develop the business on the IPTV, mobile and web platforms in Malaysia. This new funding shall be raised at at the same rate as the new shares to be issued to M2B. This fund raising shall precede the issue of the new shares to M2B, which makes it a condition that has to be met before M2B receives the new shares. The Company expects that the agreement with MOL Media should grow the Company's brand and its content, and contribute to the Company's revenues.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The primary objective of our investment activities is to preserve principal while concurrently maximizing the income we receive from our investments without significantly increasing risk. Some of the securities that we may invest in may be subject to market risk. This means that a change in prevailing interest rates may cause the principal amount of the investment to fluctuate. For example, if we hold a security that was issued with a fixed interest rate at the then-prevailing rate and the prevailing interest rate later rises, the current value of the principal amount of our investment will decline. To minimize this risk in the future, we intend to maintain our portfolio of cash equivalents and short-term investments in a variety of securities, including commercial paper, money market funds, high-grade corporate bonds, government and non- government debt securities and certificates of deposit. In general, money market funds are not subject to market risk because the interest paid on such funds fluctuates with the prevailing interest rate. The Company held $2,055,239 and $2,582,233 in marketable securities as of September 30, 2009 and December 31, 2008 respectively.

The Company does not believe that it faces material market risk with respect to its cash and cash equivalents which totaled $512,748 and $1,484,945 at September 30, 2009 and December 31, 2008, respectively.

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

ABILITY TO EXPAND CUSTOMER BASE

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

- our efforts to establish independent broadband sites in countries where conditions are suitable.

- our ability to expand our offerings of content in entertainment and education, to include more niche channels and offerings.

- our ability to provide content beyond just personal computers but to encompass television, wireless application devices and 3G hand phones.

ABILITY TO ACQUIRE NEW MEDIA CONTENTS

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

AVAILABILITY OF TECHNOLOGICALLY RELIABLE NEW GENERATION OF BROADBAND DEVICES

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

CAPITAL INVESTMENT IN BROADBAND INFRASTRUCTURE BY GOVERNMENT AND TELCOS

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

COMPETITION FROM BROADBAND CABLE AND TV NETWORKS OPERATORS

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.

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

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

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

LAW AND REGULATIONS GOVERNING INTERNET

Increased regulation of the Internet or differing application of existing laws might slow the growth of the use of the Internet and online services, which could decrease demand for our services. The added complexity of the law may lead to higher compliance costs resulting in higher costs of doing business. 8

UNAUTHORIZED USE OF PROPRIETARY RIGHTS

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

LAW AND REGULATIONS GOVERNING BUSINESS

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

1) Trade barriers and changes in trade regulations
2) Local labor laws and regulations
3) Currency exchange rate fluctuations
4) Political, social or economic unrest
5) Potential adverse tax regulation
6) Changes in governmental regulations

OUTBREAK OF N1H1 VIRUS FLU PANDEMIC OR SIMILAR PUBLIC HEALTH DEVELOPMENTS

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

ITEM 4: CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

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

Notwithstanding the issues described below, the current management has concluded that the consolidated financial statements for the periods covered by and included in the Quarterly Report on Form 10-Q for the period ended September 30, 2009 are fairly stated in all material respects in accordance with generally accepted accounting principles in the United States for each of the periods presented herein.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with United States of America generally accepted accounting principles. A Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company and (iii) provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on our consolidated financial statements.

In connection with the preparation of this Quarterly Report on Form 10Q, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of internal control over financial reporting based on criteria established in the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), as supplemented by the COSO publication Internal Control over Financial Reporting - Guidance for Smaller Public Companies. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our internal control over financial reporting was effective as of September 30, 2009, based on these criteria. Management is aware that there is a lack of segregation of duties at the Company due to the fact that there are only four people dealing with financial and accounting matters. However, at this time, management has decided that considering the experience and abilities of the employees involved and the low quantity of transactions processed, the risks associated with such lack of segregation are low and the potential benefits of adding employees to clearly segregate duties do not justify the substantial expenses associated with such increases. Management will periodically reevaluate this situation.

Notwithstanding the above regarding the lack of segregation of duties, management, including our Chief Executive Officer and Chief Financial Officer, believes that the consolidated financial statements included in this annual report present fairly, in all material respects, our financial condition, results of operations and cash flows for the periods presented. This annual report does not include an attestation report of our registered independent auditors regarding internal control over financial reporting. Management's report was not subject to attestation by our registered independent auditors pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

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Changes in Internal Control Over Financial Reporting During the quarter ended September 30, 2009, there were no changes in our internal controls that have materially affected or are reasonably likely to have materially affected our internal control over financial reporting. Our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected.

Our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively) has concluded, based on their evaluation as of September 30, 2009, that the design and operation of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) and 15d-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.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

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

PART II : OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

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

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

M2B Commerce Limited. The other lawsuit was to get Allsports International Ltd to transfer the shares of the Lottery Company to M2B Commerce Limited, in lieu of the earlier lawsuit of September 15, 2008 which called for the termination of the Performance and Maintenance Agreement.

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

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

ITEM 1A: RISK FACTORS

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

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

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

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

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

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

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

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

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

There is no assurance as to whether the Company will be able to maintain, or whether and how quickly the Company will be able to increase its user base, or whether the Company will be able to generate recurring subscription and advertising fees to such a level that would enable this line of business to continue to operate profitably. If the Company is not successful in these endeavors, the Company could be required to revise its business model, exit or reduce the scale of the business, or raise additional capital. 12

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

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

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

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

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

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

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

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

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

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

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

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

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

THE COMPANY DEPENDS ON KEY PERSONNEL.

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

THE COMPANY RELIES ON THIRD PARTIES.

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

THE COMPANY COULD BE AFFECTED BY GOVERNMENT REGULATION.

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

THE COMPANY COULD BE AFFECTED BY PIRACY IN ASIA.

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

THE COMPANY COULD BE AFFECTED BY THE GLOBAL ECONOMIC DOWNTURN

The global economy is undergoing a massive downturn in 2009, which commenced in the second half of 2008. Many countries are faced with negative growth rates.. Where the media industry is concerned, major corporations have began to reduce their advertising expenditures or even to cut back substantially all advertising and promotional expenditures towards the later half of 2008. The Company is heavily reliant on advertising and syndication revenues and expects to be significantly affected in 2008 and 2009 by the downsizing in advertising spent, especially in countries where the WOWtv service is expected to roll out.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In August and September, 2009, the Company issued a total of 9,257,600 shares of common stock through its private placement of shares of common stock at a purchase price of $0.10 per share for a total amount of $925,764.00 to "accredited investors" as that term is defined inRegulation D of the Securities Act of 1933. Also as of November 6, 2009, the Company issued a total of 1,000,000 shares of common stock through its private placement of shares of common stock at a purchase price of $0.10 per share for a total amount of $100,000, to an "accredited investor", as that term is defined in Regulation D of theSecurities Act of 1933.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5: OTHER INFORMATION

None

ITEM 6: EXHIBITS:

Exhibit 31.1	CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSANT TO SECTION 302 OF THE SARBANES-OXLEY ACT
Exhibit 31.2	CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSANT TO SECTION 302 OF THE SARBANES-OXLEY ACT
Exhibit 32.1	CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSANT TO SECTION 906 OF THE SARBANES-OXLEY ACT
Exhibit 32.2	CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Amaru, Inc.

(Registrant)

November 16, 2009	/s/ Colin Binny
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Date	President, Chief Executive Officer and Chief Financial Officer