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FOR IMMEDIATE RELEASE

Amaru Reports Record Revenue for Third Quarter 2006

*Entertainment revenue increased 585.8%
Gross margin increased to 34.7%*

Hollywood, California -- October 20, 2006 – Amaru, Inc. (Pink Sheets: [AMRU](#)), a leading provider of interactive broadband entertainment and media on demand, announced today that it achieved record revenue of \$9.3 million for the third quarter 2006.

3Q06 Highlights

- Revenues increased 33.8% year-over-year and 25.3% sequentially to a record of \$9.3 million
- Entertainment revenues increased 585.8% year-over-year and 39.6% sequentially
- Gross margin increased to 34.7% as the higher margin entertainment business represented an increasing portion of revenue

Third Quarter FY06 Financial Results

For the third quarter of 2006, Amaru achieved record revenue for the fourth consecutive quarter with sales of \$9.3 million, an increase of 33.8% over the third quarter FY05 revenue of \$7.0 million. Revenue increased sequentially 25.3%, from \$7.4 million in the second quarter of 2006. Gross profit for the third quarter 2006 increased 489.3% from \$548,443 to \$3.2 million as the higher margin entertainment business represented an increasing portion of Amaru's revenue. Net income increased to \$917,439 from a loss of \$97,155, and flat with the previous quarter of \$920,203.

“We are excited to deliver another record quarter performance,” commented Colin Binny, Amaru's Chief Executive Officer. “The strong increase in revenue growth from our entertainment segment underscores our ability to monetize our content by attracting both viewers and advertisers. We continue to launch high value content that generates viewer interest and targets specific segments which offers a strong value proposition to advertisers who are trying to reach certain demographics.”

Amaru has enhanced the offering of 55-channels of on-demand entertainment on its M2Btv Global Broadband TV service delivered through the PONY set-top box by adding interactive casual games like *Push'n'Shove*, *Deal With It* and *Sudoku*, with more to come

in the near future. This is in addition to the video-conferencing and on-demand video shopping features already onboard M2Btv.

Revenue growth for the third quarter 2006 was driven by Amaru's entertainment segment which increased 585.8% year-over-year to \$3.1 million from \$0.5 million in the third quarter 2005 and increased 39.6% from the second quarter 2006 revenue of \$2.2 million. The percentage of total revenue generated by the entertainment segment for the third quarter 2006 increased to 33.2%, up from 29.8% from the previous quarter and 6.5% from the same period a year ago. The growth from the entertainment segment's revenue is primarily attributed to increased licensing and advertising revenues. Revenues from the Company's digit game segment decreased 4.5% year-over-year to \$6.2 million from revenue of \$6.5 million in the same period a year ago and increased 19.1% from revenue of \$5.2 million in the second quarter 2006.

Gross profit for the third quarter 2006 was \$3.2 million, an increase of 489.3% from the third quarter 2005 gross profit of \$0.5 million. Sequentially, gross profit increased 43.7% from \$2.2 million. The increase in gross profit is attributed to the increase proportion of revenues derived from the higher margin entertainment segment.

For the quarter, distribution expenses were \$297,883, or 3.2% of revenue, as compared to \$167,488, or 2.4% of revenue, in the third quarter 2005. Administration expenses for the third quarter 2006 were \$1.6 million, or 17.1% of revenue, up from \$515,844, or 7.4% of revenue, in the third quarter 2005. The increase in administration expense is due to the increase of personnel and expanding of offices during third quarter of 2006.

Operating income increased to \$1.3 million in the third quarter 2006 from a loss of \$0.1 million in the comparable period a year earlier, and an increase of 50.6% from \$0.9 million in the second quarter 2006. The increase in operating income is due to the increase in revenue from the higher margin entertainment segment.

Net income for the third quarter 2006 increased to \$0.9 million from a loss of \$97,155 in the comparable quarter in 2005 and flat with the previous quarter. Net income was impacted by the increase in Singapore tax provision which represents 20% of profits before tax after adding back non-deductible items. Diluted earnings per share were \$0.01 for the third quarter 2006, up from a loss of diluted EPS of \$0.001 in the third quarter 2005 and no change from diluted EPS of \$0.01 the second quarter 2006.

Nine Months FY06 Financial Results

For the first nine months ended September 30, 2006, revenue increased 101.9% to \$23.6 million from \$11.7 million in the first nine months ended September 30, 2005. Gross profit and net income increased 319.2% and 2,004.4%, to \$6.6 million and \$2.1 million respectively for the first nine months of 2006 compared to gross profit of \$1.6 million and net income of \$0.1 million for the first nine months of 2005. Gross margin increased from 13.4% to 27.8% and net margin increased from 0.9% to 9.0% during the first nine months of 2005 and 2006, respectively.

Financial Condition

As of September 30, 2006, Amaru had cash and cash equivalents of \$3.5 million as compared to \$4.8 million as of December 31, 2005. Working capital increased to \$7.0

million as of the third quarter 2006 from \$5.1 million as of the end FY05. Amaru does not have any long-term debt. Shareholder equity increased to \$42 million as of September 30, 2006 from \$19.9 million at December 31, 2005.

Business Outlook

Amaru is maintaining its previous guidance of \$30 - 35 million in revenues and net income of \$1.2 - \$1.5 million for year-end 2006. The Company expects to launch its E-Travel portal, M2B World Travel, which provides the ability to experience a variety of vacation destinations through on-demand streaming video to users, in late 2006. Amaru also intends to continue to invest in growing its content library as well as enhance its marketing efforts during the fourth quarter 2006.

“We are extremely focused on continuing to grow our business and have some exciting initiatives that we look forward to launching during the fourth quarter,” said Colin Binny. “We are focused on deepening our penetration in the North American market and other urban areas throughout Asia. We are expanding our content library, our E-Travel service, and continue to market our PONY set-top boxes to deliver the ultimate lifestyle services.”

Conference Call

Amaru, Inc. has scheduled a conference call at 8:00 a.m. EST on Friday, October 20, 2006, to discuss results for the third quarter ended September 30, 2006. Joining Colin Binny, Amaru’s Chief Executive Officer, on the call will be Chief Financial Officer, Ms. Bee Leng Ho.

To participate in the live conference call, please dial the following number five to ten minutes prior to the scheduled conference call time: (888) 482-0024. International callers should dial (617) 801-9702. When prompted by the operator, mention Conference ID 96686623.

The conference call will be broadcast live over the Internet and can be accessed by all interested parties at Amaru’s web site at <http://www.amaruinc.com>. To listen to the call please go to this website at least 15 minutes prior to the start of the call to register, download, and install any necessary audio software.

For those unable to participate during the live webcast, an audio replay of the conference call will be archived on the Company’s web site for 90 days.

About Amaru Inc. (AMRU)

Amaru, Inc., a Nevada corporation, through its subsidiaries under the M2B brand, is a leader in the Broadband Media Entertainment business, and a major provider of interactive Entertainment-on-demand, Education-on-demand and e-commerce streaming over Broadband channels, Internet portals, and 3G devices. To date, the Company has launched multiple Broadband TV websites for Hollywood and Asian entertainment, education and online shopping, with over 100 channels designed to cater to various consumer segments and lifestyles. Its content covers diverse genres such as movies, dramas, comedies, documentaries, music, fashion, lifestyle, edutainment, and more. The M2B brand has established its competitive edge by offering access to an expansive range

of content libraries for aggregation, distribution and syndication on Broadband and other media; including rights for merchandising, product branding, promotion and publicity.

This press release contains forward-looking statements, which are subject to change. The information posted in this release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify these statements by use of the words "may," "will," "should," "plans," "expects," "anticipates," "continue," "estimate," "project," "intend," and similar expressions. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. These risks and uncertainties include, but are not limited to, growth and demand for broadband services, the unproven nature of the subscriber model, consumer adaptation of set-top boxes, the ability to execute content deals on favorable terms, government controls on media & gaming in various regions, the ability to manage rapid growth, disruptions to networks, competitors and new entrants, changes in product mix, 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, and various other factors beyond the Company's control.

For more information, please call:

-- financial tables below --

	FOR THE NINE MONTHS ENDED Unaudited		FOR THE THREE MONTHS ENDED Unaudited	
	SEPTEMBER 30, 2006	SEPTEMBER 30, 2005	SEPTEMBER 30, 2006	SEPTEMBER 30, 2005
Revenue:				
Entertainment	\$ 6,305,460	\$ 3,221,842	\$ 3,089,981	\$ 450,575
Digit gaming	17,310,828	8,475,652	6,216,485	6,511,161
Other income	9,794	2,002	8,650	1,061
Total revenue	23,626,082	11,699,496	9,315,116	6,962,797
Cost of services	(17,056,214)	(10,132,267)	(6,082,911)	(6,414,354)
Gross profit	6,569,868	1,567,229	3,232,205	548,443
Distribution costs	(857,412)	(367,958)	(297,883)	(167,488)
Administrative expenses	(3,278,355)	(1,135,291)	(1,596,344)	(515,884)
Total expenses	(4,135,767)	(1,503,249)	(1,894,227)	(683,372)
Income (Loss) from operations	2,434,101	63,980	1,337,978	(134,929)
Other income:				
Interest income	109,336	1,081	51,465	--
Gain on disposal of equipment	--	151	--	151
Income (Loss) before income taxes	2,543,437	65,212	1,389,443	(134,778)
(Provision for) Benefit from income taxes	(405,539)	36,379	(472,004)	37,623
Net income (loss)	\$ 2,137,898	\$ 101,591	\$ 917,439	\$ (97,155)
Earnings per share - basic and diluted	\$ 0.015	\$ 0.001	\$ 0.006	\$ (0.001)
Weighted average number of common shares outstanding - basic and diluted	146,563,354	115,270,812	153,605,863	121,524,608

	SEPTEMBER 30, 2006 Unaudited -----	DECEMBER 31, 2005 Unaudited -----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,462,393	\$ 4,776,819
Accounts receivable	400,580	842,371
Other receivable	80,699	--
Inventory	695,352	--
Deposit for an investment	2,153,196	--
Prepayment to a supplier	549,000	--
Other current assets	497,288	247,566
	-----	-----
Total current assets	7,838,508	5,866,756
NON CURRENT ASSETS		
Property and equipment, net	20,253,788	5,264,130
Product development, net	12,043	60,616
Investment at cost	4,079,664	441,206
Investments available for sale	2,147,580	2,147,580
License, net	9,129,253	6,964,671
	-----	-----
Total non current assets	35,622,328	14,878,203
	-----	-----
Total assets	\$43,460,836	\$20,744,959
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 814,686	\$ 656,484
Advances from related parties	--	58,392
	-----	-----
Total current liabilities	814,686	714,876
NON-CURRENT LIABILITIES		
Deferred tax liability	563,295	157,756
	-----	-----
Total liabilities	1,377,981	872,632
Commitments	--	--
SHAREHOLDERS' EQUITY		
Preferred stock (par value \$0.001)		
5,000,000 shares authorized: 0 shares issued and outstanding at September 30, 2006 and December 31, 2005, respectively	--	--
Common stock (par value \$0.001) 200,000,000 shares authorized; 153,638,528 and 125,591,120 shares issued and outstanding at September 30, 2006 and December 31, 2005 respectively	153,638	125,591
Additional paid-in capital	38,944,013	14,642,550
Subscribed common stock, 0 and 5,675,840 shares at September 30, 2006 and December 31, 2005 respectively	--	4,256,880
Retained earnings	2,972,277	834,379
Comprehensive gain on currency translation	12,927	12,927
	-----	-----
Total shareholders' equity	42,082,855	19,872,327
	-----	-----
Total liabilities and shareholders' equity	\$43,460,836	\$20,744,959
	=====	=====

FOR THE NINE MONTHS ENDED
Unaudited

	SEPTEMBER 30, 2006	SEPTEMBER 30, 2005
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Cash Flows from Operating Activities		
Net income	\$ 2,137,898	\$ 101,591
Adjustments to reconcile net income to cash and cash equivalents used in or provided by operations:		
Amortization	283,991	210,741
Depreciation	579,915	74,291
Gain on disposal of equipment	--	(151)
Acquisition of investment in exchange for account receivable	(3,000,000)	--
Common stock issued for services	60,000	--
Changes in operation assets and liabilities		
Accounts receivable	441,791	(840,387)
Other receivable	(80,699)	680,737
Inventory	(695,352)	--
Other current assets	(798,722)	(190,799)
Accounts payable and accrued expenses	158,202	30,740
Income tax payable	405,539	--
Net cash (used in) provided by operating activities	(507,437)	66,763
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Cash Flows from Investing Activities		
Proceeds from disposal of equipment	--	151
Software development reduction	--	(17,460)
Acquisition of equipment	(6,829,573)	(3,302,773)
Acquisition of license	(2,400,000)	(5,295,000)
Acquisition of investments	(638,458)	(175,070)
Deposit paid for an investment	(2,153,196)	--
Net cash used in investing activities	(12,021,227)	(8,790,152)
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Cash Flows from Financing Activities		
Payable to related party	(58,392)	(91,042)
Issuance of common stock for cash	11,272,630	8,849,500
Proceeds from stock subscription	--	1,500,000
Net cash provided by financing activities	11,214,238	10,258,458
Effect of exchange rate changes on cash and cash equivalents	--	3,739
Net cash (used in) provided by all activities	(1,314,426)	1,538,808
Cash and cash equivalents at beginning of period	4,776,819	644,319
Cash and cash equivalents at end of period	3,462,393	2,183,127
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Supplemental Disclosure of Non-Cash Financing and Investing Activities:		
Common stock in exchange for repayment of accounts payable	\$ --	\$ 435,000
Common stock in exchange for acquisition of film library	\$ 8,740,000	--
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