



ASX Announcement – Appendix 4C

Arasor International Limited (ARR ASX) today lodged its Appendix 4C Cash Flow Statement for the quarter ended 31 March 2009.

The Company recorded gross cash receipts of AUD \$4.3 Million, consisting of AUD \$2.19 Million in China in the Nansha JV and \$1.88 Million relating AFOR Pty Ltd prior to its disposal at the beginning of March, with the balance coming from Bandwidth Foundry International Pty Ltd in the form of grants and sales.

During the quarter, as announced to the ASX on 3 March 2009, Arasor successfully sold its investment in AOFR Pty Ltd to Aegis Lightwave for a gross consideration of USD \$1.5. Whilst the disposal only amounted to a net cash inflow of 607K, it has significantly reduced Arasor's employee entitlement liabilities.

Update on preparation of accounts

As disclosed to the market on 30 April 2009, the Company is continuing to work with its auditors to complete its annual financial accounts. Whilst progress has been made, it is now anticipated that the accounts will not be finalized by the end of May 2009. The Company wishes to advise that it will be working towards lodging its accounts by 15 June 2009 and will continue to update the market as it is required to do so in accordance with ASX listing rule 3.1.

About Arasor International Limited

Arasor International Limited develops and markets telecommunications and consumer optoelectronic solutions. Arasor aims to establish itself as a leading solutions company serving global systems vendors in the network transport and the emerging laser –based display industries. Arasor's worldwide headquarters are located in Sunnyvale, California, USA with operations in Guangzhou, China; Sydney, Australia and Yokohama, Japan. For additional information: www.arasor.net

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

ARASOR INTERNATIONAL LTD

ABN

29 119 999 441

Quarter ended ("current quarter")

31st MARCH 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	4,321	4,321
1.2 Payments for		
(a) staff costs	(2,366)	(2,366)
(b) purchases of inventory	(2,966)	(2,966)
(c) advertising and marketing	(7)	(7)
(d) research and development	(10)	(10)
(e) leased assets	-	-
(f) consultants and other professionals	(190)	(190)
(g) travel expenditure	(93)	(93)
(h) rent	(193)	(193)
(i) other working capital	(359)	(359)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(1,866)	(1,866)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,866)	(1,866)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(67)	(67)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property	301	301
(d) physical non-current assets		
(e) other non-current assets (see note 1)	607	607
1.11 Loans received by/(repaid to) other entities		
1.12 Loans repaid by other entities		
1.13 Other (Notes receivable paid by/(repaid to) related parties)		
Net investing cash flows	841	841
1.14 Total operating and investing cash flows	(1,025)	(1,025)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings	(327)	(327)
1.19 Dividends paid		
1.20 Other (Share issue costs)		
Other (Minority equity contribution)		
Other (Loan from related party) see note 1	(92)	(92)
Net financing cash flows	(419)	(419)
Net increase (decrease) in cash held	(1,444)	(1,444)
1.21 Cash at beginning of quarter/year to date	1,865	1,865
1.22 Exchange rate adjustments to item 1.20	149	149
1.23 Cash at end of quarter	570	570

+ See chapter 19 for defined terms.

Note 1

\$607K inflow associated with other non-current assets represents the net cash inflow associated with the sale of AOFR Pty Ltd. The net inflow consisted of gross proceeds of \$2,365 K and cash of 1,758 K lost on disposal of the entity.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	92
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

<p>Item 1.2 Loan from related party represents partial repayment of loan provided to the Company under the Chairman's guarantee – 92K outflow for Jan 09 – Mar 09 period.</p>

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	32,778	32,778
3.2 Credit standby arrangements		

The Agriculture Bank of China, Nansha Branch, has granted Arasor Guangzhou a loan facility. The total amount available under this facility is 80 Million RMB, of which 77 Million RMB is used at 31 March 2009. The loan is refundable in 5 years from 1 July 2007 and a total of 25.3 Million RMB was required to be refunded prior to 30 March 2009, which has not been met by Arasor. The Company is presently still in negotiations with the Bank in relation to the facility and no outcome has been reached.

A private investor has granted Arasor Guangzhou the amount of 8.894 Million RMB as a short term loan, which was to mature December 2008. The loan incurs interest at the rate of 5.994% and at 31 December 2008, 4.613 million RMB was outstanding on the loan.

Upon acquisition of the assets of Novalux Inc., Arasor International Ltd assumed debt USD \$9.0 million. The debt matures in January 2012 and incurs interest at a rate of 10% per annum. Payments on the loan are interest only for the first 12 months, with principle payments of USD \$250,000 from February 2009. During the period ended 31 March 2009, the Company was only able to pay USD \$200K to the secured debt holder. Whilst the Company continues to communicate with the debt holder, it should be noted that as announced to the ASX on 24 November 2008, the Company is technically in default of the original terms.

On 4 July 2008, the Company received \$1,351,351 AUD as part consideration of a convertible note. The notes have a zero percent interest rate and mature 3 years from the date of issue (unless otherwise requested to be matured at an earlier date by the holder, being not less than one year after the issue date). The notes can be converted to cash or shares at Arasor's preference. In the event the notes are converted to shares, they will be converted at a rate of \$0.30 per share.

As relayed to the market on 2 February 2009, Arasor has been granted a loan from the Chinese Government of 35 Million RMB, of which to date 3.5 Million RMB has been received. No further proceeds have been received during the period ended 31 March 2009. Additional receipts are subject to the Company meeting certain milestones and the loan is repayable in 3 years if the Company is in a profit position at that time.

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	570	1,866
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	570	1,866

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		AOFR Pty Ltd
5.2 Place of incorporation or registration		ACT, Australia
5.3 Consideration for acquisition or disposal		US 1.5 Million, \$1.35 Million payable upfront and \$150K in twelve months after completion.
5.4 Total net assets		\$2,365K
5.5 Nature of business		Manufacturer of optical couplers for fibre lasers and WDM.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 25 May 2009
 (Company secretary)

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a)- policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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