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Arasor Update on India Receivables

Arasor International Limited (ASX: ARR) wishes to update the market on status and progress of the Indian receivables

BACKGROUND

Arasor has three (3) companies with significant outstanding receivables in India;

1. Silk Tele Networks India Private Limited (STN)
 - a. USD 22.36 million
 - b. Chairman of STN verified this in January 2008
 - c. Simplified Supply Chain Arasor: – Abakus(1) – STN – ITI
2. Xalted Information Systems Private Limited
 - a. USD 4.57Million
 - b. CFO of Xalted verified this in August 2008
 - c. Simplified Supply Chain: Arasor – Abakus(1) – Xalted – ITI
3. SemIndia Systems Private Limited
 - a. USD 2.13Million
 - b. CFO of SemIndia verified this in August 2008
 - c. Simplified Supply Chain: Arasor – Abakus(1) – SemIndia – UTStarcom

⁽¹⁾ Abakus is a freight forwarder

UPDATE

Arasor ceased shipping any product to these companies over eighteen (18) months ago and has been unable to collect any outstanding money related to the transactions. In accordance with the Company's internal bad debt accounting policy these debts were written down. Arasor has continually endeavoured to collect the money through: visits from Arasor chairman, debt collectors and Austrade (Australian Government), all to no avail. The company has now resorted to law and engaged an Indian legal firm to pursue the recovery.

After many delays these companies have recently initiated claims that the product had a high failure rate and their customers ITI and UTStarcom have refused to pay them. SemInda and Xalted had not raised these issues in the intervening two (2) years and did agree the debt in August 2008.

CURRENT ACTION

Arasor has ceased to negotiate further with the three (3) companies and has resorted to legal action. Winding up petitions have been lodged with the Indian court in an effort to force the issue. If any fraud can be proven Arasor will prosecute to the full extent of the law.

About Arasor International Limited

Arasor International Limited develops and markets telecommunications and consumer optoelectronic solutions. Arasor aims to establish itself as 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 Guangzhou China with operations in Tianjin, China and Yokohama, Japan

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