



ASX Announcement – Appendix 4C

Arasor International Limited (ARR ASX) today lodged its Appendix 4C Cash Flow Statement for the quarter ended 31st March 2008.

As announced in March, the company appointed William Mackenzie to the position of Chief Executive Officer. In this capacity, Mr. Mackenzie is conducting a strategic review of each of Arasor's business units. "Arasor has expanded rapidly and established a meaningful presence in the fastest growing markets of China and India, but both Dr. Simon Cao and I believe that the time is right for the company to conduct a strategic review in order to best position itself for the future. Despite any short term effects, I am excited about the opportunity that lies ahead," added Mr. Mackenzie.

In conjunction with Mr. Mackenzie's review, Arasor's Board of Directors has also initiated the exploration of certain strategic alternatives that it believes will unlock the value of underlying businesses that Arasor has successfully grown since its initial public offering in Oct. 06. "Arasor's shareholders have been negatively impacted by the global downturn in the capital markets. Accordingly, the Board of Directors has decided to review strategic options that will maximize value for Arasor's shareholders" commented Dr. Simon Cao, Executive Chairman of Arasor.

Arasor is pleased to announce that it has successfully integrated the assets and staff of Novalux. Although integration costs related to the transaction have contributed to the delay in the company to reach positive operational cash flow, the consumer display marketplace and supply chain continues to gain traction, As disclosed to the ASX on 9th January 2008, the company issued 5,035,825 shares, 643,788 options and assumed USD\$10.9M of debt in connection with the acquisition. The transaction also resulted in an increase in share capital of \$8,007,005.

At the end of March 2008, the Company's cash balance stood at \$4.1 million. The company decreased its receipts from customers, from \$15.3 million in the prior quarter to \$10.2 million in the current quarter. The decrease in receipts was partially attributable to a delay in receiving certain accounts receivable balances, but the company believes it is taking appropriate actions to address the delay.

The company intends to release its Half Year 2008 financials in August and will continue to provide the market with detailed updates of its strategic initiatives as events progress.

About Arasor International Limited

Arasor International Limited (www.arasor.net) develops and markets optical chips, components, modules and subsystems to capitalize on the emergence of new applications for photonic technologies with the goal of global leadership in the consumer electronics and wireless and network transport industries. Arasor's worldwide headquarters are located in, California, USA with operations in Guangzhou, Beijing and Shanghai China; Yokohama, Japan; Canberra and Sydney, Australia.

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 2008

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	10,215	10,215
1.2 Payments for		
(a) staff costs	(3,935)	(3,935)
(b) purchases of inventory	(5,442)	(5,442)
(c) advertising and marketing	(261)	(261)
(d) research and development	(249)	(249)
(e) leased assets	(35)	(35)
(f) consultants and other professionals	(920)	(920)
(g) travel expenditure	(230)	(230)
(h) rent	(786)	(786)
(i) other working capital	(178)	(178)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	25	25
1.5 Interest and other costs of finance paid	(602)	(602)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(2,398)	(2,398)

+ See chapter 19 for defined terms.

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,398)	(2,398)
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	(240)	(240)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans received by/(repaid to) other entities	(363)	(363)
1.12 Loans repaid by other entities		
1.13 Other (Notes receivable paid by/(repaid to) related parties)	41	41
Net investing cash flows	(562)	(562)
1.14 Total operating and investing cash flows	(2,960)	(2,960)
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	246	246
1.18 Repayment of borrowings	(449)	(449)
1.19 Dividends paid		
1.20 Other (Share issue costs)		
Other (Minority equity contribution)		
Net financing cash flows	(203)	(203)
Net increase (decrease) in cash held	(3,163)	(3,163)
1.21 Cash at beginning of quarter/year to date	7,467	7,467
1.22 Exchange rate adjustments to item 1.20	(216)	(216)
1.23 Cash at end of quarter	4,088	4,088

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	225
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Salary payments to Executive Directors' and Directors' fees.

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

As announced to the ASX on 9 January 2008, Arasor International Ltd has purchased the assets and assumed certain liabilities of California based company Novalux Inc (owner of the semiconductor laser technology platform called Necsel, a compact laser source). The consideration for the acquisition was the issue 5,035,825 Ordinary Fully Paid Shares in the capital of the Company, the issue of 643,788 unlisted options exercisable at \$1.59, expiring 8 January 2013 and the assumption of USD \$10.9 Million of debt. The fair value of the shares and options issued to complete the acquisition was \$8,007,005 and \$417,605.

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

+ See chapter 19 for defined terms.

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	24,661	24,661
3.2 Credit standby arrangements	1,245	1,245

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 2008. The loan is refundable in 5 years from 1 July 2007 and a total of 15 Million RMB must be refunded prior to 30 June 2008. The facility incurs interest at an annual rate of 8.613%.

The Silicon Valley Bank of California has granted Arasor Corporation Inc. a revolving line of credit of USD \$1 Million which was fully utilised at 31 March 2008. The line of credit incurs interest at a rate of USD prime + 0.25%.

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

China Commercial Bank has granted Arasor (Shanghai) Co. Limited a short term loan of 1 Million RMB. The loan incurs interest at a rate of 7.884% and must be repaid by 10 May 2008.

Macquarie Bank Ltd has granted Arasor International Ltd a premium funding loan account to finance certain operating expenses. At 31 March 2008, the total amount outstanding under this loan account was \$223 thousand and the loan incurs interest at an annualised rate of 6.24%.

Upon acquisition of the assets of Novalux Inc., Arasor International Ltd assumed two portions of debt, with principle values of USD \$9.0 million and USD \$1.73 million. The first portion of USD \$9.0 million 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. The second portion of USD \$1.73 million incurs interest at a rate of 18.86% per annum, with both principle and interest payable monthly. The facility matures in August 2010.

Reconciliation of cash

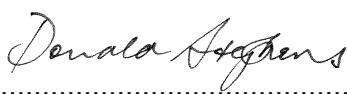
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,278	5,572
4.2 Deposits at call	1,810	1,895
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	4,088	7,467

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:  Date: 30 April 2008
 (Company secretary)

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.

+ See chapter 19 for defined terms.

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.