

ASX Announcement
(ASX:RAN)

31 January 2019

Appendix 4C December Quarter 2018

Range International Limited ('Range' or 'Company'), manufacturer of Re>Pal™ 'zero-waste', recycled plastic pallets, presents its Appendix 4C for the quarter ended 31 December 2018.

HIGHLIGHTS

- Cash balance at the end of the December 2018 quarter was US\$3.23M.
- Cash burn for the quarter was US\$776K compared to the previous quarter of \$US929K, due to an increased focus on accounts receivable collections.
- Sales of US\$363K for the quarter compared to prior quarter of US\$367K.
- Various new raw materials suppliers sourced to replace prior network. New processes in place to have more control over costing.
- The market for dry, clean waste in Indonesia is currently tighter for supply than was expected at the start of 2018 caused by the China's and Indonesia's import moratorium.
- Range is working on a variety of initiatives with different new potential partners to add supply for its raw materials at lower pricing.
- Range is trialling a new interim waste processing method which may result in lower raw material pricing.
- Two experienced Business Development Managers have been recruited in Indonesia for the Jakarta Industrial areas.
- Range remains highly focused on multi-national companies including logistics companies, large pan-Asia companies that understand and value the sustainability benefits that Range brings to their supply chain.
- Sales cycles unfortunately remain longer than expected but overall the pipeline is expanding in Indonesia, Thailand, Vietnam and the Philippines.

OPERATIONAL UPDATE

Commissioning of the pelletizing equipment should allow for more efficient pellet production, a reduction of staff costs per kg of plastic produced and provide the efficiency to manage larger orders. This work is still scheduled to occur in late February 2019 a report to the market will be made on the result. The Company is looking at Waste Water Treatment Plant (**WWTP**) options in 2019 as another way to reduce raw material costs, with the initial emphasis on the interim solution highlighted above. The review with 3 solutions providers in this area, including the initial contractor is ongoing to advise why the current WWTP is not functioning as designed.

As mentioned above, Range is trialling a basic washing/centrifuging method of processing dirty waste plastic as an interim solution, pending review of the WWTP design, to leverage existing equipment/ electricity, thereby reducing the price of raw materials. Should the trial be successful this could provide a 15-30% reduction in raw material pricing depending on supplier agreements available at the

time. There is a more plentiful supply of raw dirty waste plastic than raw, clean and dry waste plastic. The Company will provide a separate announcement on this initiative as results are to hand. Longer term contracts for waste plastic are not currently easy to negotiate in Indonesia, at commercial rates. Range sources the best spot market arrangements across a broader network than was previously established and continues to build better networks for raw materials directly from resellers but also from corporates in Indonesia, including building a “Take>Bak” proposition for waste plastic into all pallet sales proposals. Range is in the early stages of trialling this scheme with one or two larger Indonesian companies.

FINANCIALS

28,300 pallets were sold during the Quarter slightly down on last Quarter due to the scheduled closure of the Factory from 21 December 2018 for annual holidays. Sales Revenue of US\$363K was recorded and closing stock was 6,430 pallets.

Closing cash on hand at 31 December 2018 was \$3.23m.

SALES UPDATE

Sales Renewals

Range has recontracted with a smaller order from Unilever OleoChemical in Indonesia for our NSP range of pallets for calendar year 2019. The volume of pallets in the initial minimum order is only 25% of 2018's volume in the initial levels, though pricing has increased modestly by 12% in Rupiah (Rp) terms. Delivering an ISO quality pallet at low legacy pricing levels was not sustainable in the long-term. Unilever and Re>Pal together have strong alignment on sustainability and we are enthusiastic to not only retain our relationship in 2019 with Unilever but to broaden the Unilever businesses using Re>Pal's sustainable plastic, and adopting our ISO-standard, zero-waste pallets. Additionally, Re>Pal will look to re-use plastic waste from Unilever, and all clients that have useable waste, under our Take>Bak scheme, where it is commercially and logistically possible within Indonesia. Our ongoing sales focus is for our sales staff to add large Multi-National and logistic clients to the Re>Pal stable of clients in 2019 and to rebase any legacy pricing to current pricing, while resellers also fulfil smaller orders.

Clients providing repeat orders early in 2019 include but are not limited to; General Tuna and All Flag Logistics in the Philippines and Kyoden, the electronics manufacturer in Thailand. While these are currently smaller orders, they are at 2019 pricing levels, these clients support the quality and sustainability angle of our product and that non-Indonesia based clients can ship the pallet at commercially competitive rates from Indonesia, rather than relying on local manufacturers.

We are pleased to be competitive in certain SE Asian markets, as shipping costs can prove burdensome for certain countries as they are not an insignificant part of the landed pallet cost. There is a larger sales push within Indonesia for Range's larger domestic market for logistics and exports that want to transition to Re>Pal plastic from (mostly) lower life/lower cost timber. The sales cycle for such transitions are anywhere from a few months to six-twelve plus months for the larger transitions within the very large logistics facilities, though if the company has a zero-waste focus and commitment to the Sustainable Development Goals, it may be faster than 12 months.

New NSP1210R for warehouse and logistics markets

In December 2018 Re>Pal launched the HD1210L, a pallet suitable for conveyors, pallet movers and heavy-duty warehouse work. I am pleased to announce that a variation of the NSP range is being launched. The new NSP1210R is able to support 1,000kg on edge racking, is nestable to reduce transport costs and is also able to be used with pallet movers and conveyors. This medium duty pallet is expected to be popular with the larger logistic businesses across Indonesia, and SE Asia. These businesses have an increased focus on sustainability and on lifetime value of their assets. The lifetime value of this pallet is significantly better than its timber equivalent due to timber pallets lasting only 6-18 months vs. Re>Pal's NSP1210R forecast to last anywhere from 3-10 years in similar conditions. Range has commenced pre-sales for this pallet. It will take between 3 and 4 months from Feb 2019 to manufacture the mold, and shipping is anticipated for late May 2019.

Outlook for 2019

Since assuming the CEO role in September 2018 there have been numerous areas to focus on including:

- recruiting sales staff, starting a CRM and reporting engine;
- rebuilding the pipeline;
- amending the pallet price list as the old pallet pricing list was unsustainable;
- tightening terms and conditions of sales;
- restructuring reseller arrangements;
- collecting data on all pallets prospects need for future pallets;
- chasing debts and tightening Accounts Receivable procedures;
- reviewing supplier and purchasing arrangements, internal reconciliations, controls and quality procedure improvements;
- ensuring the right people with the right skill set are engaged in the business;
- revising all collateral costs to better reflect the quality of the finished product; and
- reviewing the processing capability of the factory.

The waste plastic market on which Range relies to produce its pallets is changing on a regular basis. During 2018 the Company identified that quality, pricing and trading terms were not being monitored closely enough and a review of all procedures, processes and terms was undertaken to improve this key area of the business. The waste plastic market is fluid with new supplier arrangements being established by Re>Pal with improved quality standards and terms of trade as this directly affects the quality of the Company's end product and customer satisfaction. We will update the market after the trial of our new interim method for cleaning raw material.

Re>Pal has joined several associations that will be of considerable help to the business in 2019 including the Indonesia Business Council for Sustainable Development, ADUPI and IPR (Indonesian Plastic Recycling Associations), Indonesian Australian Business Council. These memberships are a cost effective way to promote the Re>Pal brand for pallet sales within Indonesia and also widen our networks in particular for waste collection/ raw material purchasing as well as to help with initiatives such as lobbying for a plastic waste import license.

The Re>Pal and Range web-sites were updated and refreshed and a Re>Pal newsletter restarted to keep investors and clients updated on what's new and how Re>Pal is engaging with clients and industry. Additionally, the LifeCycle Calculator, commissioned from Edge Environment in Australia,



was launched to demonstrate how Re>Pal plastic pallets can be cost effective over a lifetime of use versus alternate more wasteful solutions.

I am hopeful that 2019 will bring not just a growth in clients seeing the value of adopting Re>Pal pallets as their sustainable standard, and a resulting growth in pallet sales, but also a lowering of our input costs through a variety of initiatives including diversity of new suppliers, new processing methods, new partnerships with new collection organisations, efficiency of plant processing throughput, rostering of staff and revisiting the WWTP through 2019 as well as a potential import license.

With best wishes and I remain positive for the year ahead.

Sincerely

Stephen Bowhill
Chief Executive Officer
sb@rangeinternational.com

About Range International:

Range is a manufacturer of plastic pallets. Our ThermoFusion™ technology allows Range to make 'zero waste', 100% recycled and recyclable plastic. Range currently has production lines operating in its East Java factory in Indonesia and sells its pallets under the brand Re>Pal™, supplying pallets into Indonesia and across Asia/ globally.

Media: media@rangeinternational.com

Investor Relations: investors@rangeinternational.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

RANGE INTERNATIONAL LIMITED

ABN

22611998200

Quarter ended ("current quarter")

December 2018

Consolidated statement of cash flows	Current quarter US\$'000	Year-to-date (12 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	363	1,590
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(225)	(2,153)
(c) sales, advertising and marketing costs	(111)	(188)
(d) leased assets	-	-
(e) staff costs	(269)	(1,147)
(f) administration and corporate costs	(668)	(2,551)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	76
1.5 Interest and other costs of finance paid	-	(4)
1.6 Income taxes paid	-	(48)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash (used in) operating activities	(896)	(4,425)

Consolidated statement of cash flows		Current quarter	Year-to-date (12 months)
		US\$'000	US\$'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(1,596)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash (used in) investing activities	-	(1,596)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from financing activities	-	-

Consolidated statement of cash flows		Current quarter	Year-to-date (12 months)
		US\$'000	US\$'000
4.	Net (decrease) in cash and cash equivalents for the period	(760)	(5,885)
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,051	9,656
4.2	Net cash (used in) operating activities (item 1.9 above)	(896)	(4,425)
4.3	Net cash (used in) investing activities (item 2.6 above)	-	(1,596)
4.4	Net cash from financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	120	(360)
4.6	Cash and cash equivalents at end of quarter	3,275	3,275

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	3,275	4,051
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter	3,275	4,051

6.	Payments to directors of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to these parties included in item 1.2	70
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
6.1	Directors remuneration.	

7.	Payments to related entities of the entity and their associates	Current quarter US\$'000
7.1	Aggregate amount of payments to these parties included in item 1.2	17
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

7.1 Payments to associate entity of Director.

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter	US\$'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs	(520)
9.3	Advertising and marketing	(90)
9.4	Fixed assets	(150)
9.5	Staff costs	(320)
9.6	Administration and corporate costs	(520)
9.7	Total estimated cash outflows (excludes revenue)	(1,600)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: _____

Date: 31 January 2019

Company Secretary

Print name: Kim Bradley-Ware

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.